



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>



102 834 322

76^E
198

.85

30 May 1922



HARVARD LAW LIBRARY

GIFT OF

Senator Henry Cabot Lodge.

Received May 26. 1921.

103 8

RELATIONS WITH RUSSIA

HEARING
BEFORE THE ⁹
c#
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

SIXTY-SIXTH CONGRESS
THIRD SESSION

ON

S. J. RES. 164

A RESOLUTION PROVIDING FOR THE REESTABLISHMENT
OF TRADE RELATIONS WITH RUSSIA, AND SO FORTH.

Printed for the use of the Committee on Foreign Relations



WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

COMMITTEE ON FOREIGN RELATIONS.

HENRY CABOT LODGE, Massachusetts, *Chairman*.

PORTER J. McCUMBER, North Dakota.
WILLIAM E. BORAH, Idaho.
FRANK B. BRANDEGEE, Connecticut.
ALBERT B. FALL, New Mexico.
PHILANDER C. KNOX, Pennsylvania.
HIRAM W. JOHNSON, California.
HARRY S. NEW, Indiana.
GEORGE H. MOSES, New Hampshire.

GILBERT M. HITCHCOCK, Nebraska.
JOHN SHARP WILLIAMS, Mississippi.
CLAUDE A. SWANSON, Virginia.
ATLEE POMERENE, Ohio.
MARCUS A. SMITH, Arizona.
KEY PITTMAN, Nevada.
JOHN K. SHIELDS, Tennessee.

CHARLES F. REDMOND, *Clerk*.

MAY 26 1921

LIST OF WITNESSES.

| Statement of— | Page. |
|------------------------------|-------|
| Healy, Timothy | 6 |
| Maher, William A | 31 |
| Schlossberg, Jos | 36 |
| Jennings, John J | 39 |
| Davison, E. C. | 43 |
| Beardsley, Samuel E | 50 |
| DeHunt, J. T | 53 |
| Trachtenberg, A | 55 |
| Maguite, Jacquez | 84 |
| Blatch, Mrs. Harriet Stanton | 96 |
| Branham, Miss Lucy G | 100 |
| Rubin. Jacob H | 105 |

RELATIONS WITH RUSSIA.

WEDNESDAY, JANUARY 26, 1921.

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D. C.

The committee met at 10.30 o'clock a. m., Senator Henry Cabot Lodge presiding.

Present: Senators Lodge (chairman), Brandegee, Knox, Moses, Hitchcock, Pomerene, and Pittman.

Present also, Senator Joseph I. France, of Maryland.

The committee thereupon proceeded to consider Senate Joint Resolution 164, introduced by Senator France February 27, 1920, which is as follows:

[S. J. Res. 164, 66th Cong., 2d sess.]

JOINT RESOLUTION Providing for the establishment of more friendly relations with Russia, for the lifting of the embargo against shipments to that country, for the extension of trade and commerce with the Russian people, for the arrangement of credits, for the withdrawal of all troops of this country which may still be on Russian soil, for any needed explanations and reparations which may be due from this country for our invasion of Russian territory, for the expression of our gratitude to the Russian people for their heroic part in the defense of civilization, our felicitations to them for having overthrown a despotic government, and assurances of the desire of the American people to cooperate with them and to assist them in every proper and possible way in their efforts to establish institutions which will insure to them an ordered liberty.

Whereas from time immemorial there have existed, with few misunderstandings, most cordial relationships between the Governments of the United States and Russia; and

Whereas because of the devotion of the American people to free institutions, the citizens of the United States had long looked forward to the time when the people of Russia would see fit to establish such free institutions for themselves; and

Whereas during the European war the noble Russian people made heroic sacrifices, cooperating with the allied nations in the war against Germany, without which cooperation Germany might have been victorious; and

Whereas it was not because of any lack of devotion to freedom and to the cause of the Allies, but rather on account of the incompetence and corruption of their autocratic government, which failed to supply the munitions of war, that the Russian people made a separate peace with Germany; and

Whereas no unfriendly act against the United States has been committed by the Russian people but, on the contrary, the Russian people have borne with patience our unlawful invasion of their territory and intermeddling with their internal affairs; and

Whereas the people of the United States desire the continuance of friendly relations and the reestablishment of trade and commerce with the Russian people and wish, by every proper means, to assist in the rehabilitation of the industrial and agricultural activities and agencies of Russia for the sake of the Russian people, as well as for the general welfare of the world: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be, and he is hereby, advised

to communicate at once, through the Department of State, with the Government of Russia, assuring the people of Russia of our friendship, sympathy, and desire to cooperate with them and to reestablish with them full and cordial relationships of friendly intercourse, trade, and commerce; and further, that the President be, and he is hereby, advised—

(1) To instruct the Department of State to raise the embargo against the shipment of goods to Russia;

(2) To consider and advise as to the best method of arranging credits which will make possible the shipment of such American goods as may be needed and desired by the people of Russia for the rehabilitation of their country;

(3) To immediately withdraw from Russia any and all American troops which may still be on Russian soil;

(4) To enter upon negotiations, through the Department of State, concerning any exactions or reparations which may be due from this country because of our invasion of Russian territory;

(5) To convey to the people of Russia expressions of our appreciation and gratitude for their heroic part in the war and our felicitations to them for having overthrown a despotic government, and assurances of the desire of the American people to cooperate with them and to assist them in every proper and feasible way in their efforts to establish institutions which will insure to them an ordered liberty.

The CHAIRMAN. Senator France, as our time is brief, we shall ask you to go right on.

Senator FRANCE. Mr. Chairman, I merely wish to say that a very great amount of interest has been developing in my joint resolution introduced last February, and this interest has particularly developed in the ranks of labor. We have with us this morning some of the representatives of organized labor of the country, and with the permission of the committee I will ask these gentlemen to speak.

The CHAIRMAN. Certainly; arrange it to suit yourself.

Senator FRANCE. The first speaker will be Mr. Timothy Healy, president of the International Brotherhood of Firemen and Oilers, and chairman of the American Labor Alliance for Trade Relations with Russia.

STATEMENT OF MR. TIMOTHY HEALY, PRESIDENT OF THE INTERNATIONAL BROTHERHOOD OF STATIONARY FIREMEN AND OILERS.

Senator LONG. State your full name for the record.

Mr. HEALY. My name is Timothy Healy. My address is 50 East 89th Street, New York City. I am president of the International Brotherhood of Stationary Firemen and Oilers.

The CHAIRMAN. You are representing the American Federation of Labor, are you?

Mr. HEALY. Yes; my organization is affiliated with the American Federation of Labor.

The CHAIRMAN. I understand that, but what I want to know is whether you represent the American Federation of Labor here.

Mr. HEALY. I did not come as the representative of the American Federation of Labor, but as the representative of an affiliated body, and the chairman of the American alliance for relations with Russia.

Senator MOSES. What is that organization, Mr. Healy?

Mr. HEALY. It is an organization of trade-unionists organized for the purpose of working to lift the blockade against Russia, and to secure the opening up of trade relations, in the interest of our working men, many of whom are now walking the streets throughout this country.

I was elected as a fraternal delegate by the American Federation of Labor's Montreal Convention last June, and I attended the British Trades Union Congress as the representative of the American Federation of Labor. This congress was held in September in Portsmouth, England, and among the other questions that came up was the Russian question, the question of entering into trade relations with Russia by the English people. The British Trades Union Congress and the British labor party last April organized a commission of 10 or 11 people and sent them to Russia to make an investigation into conditions over there. That delegation made their report to the Congress at Portsmouth in September, and I have with me a copy of that report. It is the report of the British delegation to Russia in 1920. It was my intention to quote to you gentlemen this morning from this report, but if it will be agreeable to you I will submit the entire report and ask to have it written into the records. I think it is a very interesting report, and one that would be interesting to the members of this committee and to the United States Senators in general. So, with your permission, Mr. Chairman—

The CHAIRMAN. We should have, of course, to look into the report before we ordered its printing. If you would like to leave it here for the committee to examine, I see no objection myself to that being done.

Mr. HEALY. Yes—well, if there is no objection, I will save the time that would be consumed in quoting from the report.

The CHAIRMAN. Yes; our time is very limited.

Mr. HEALY. It is a very interesting report.

In England I found that the working men were much more informed as to conditions in Russia than our working men in this country are, simply because the people of England and their representatives have made investigations such as that, and they are more informed as to conditions there. I found that the people, not alone in England, but in other countries of Europe, such as France, Belgium, and Holland, where I visited, were all in favor of the resumption of trade with Russia. Of course, the unemployment struck England earlier than it did here. At the time I was there, in September and October and early November, there were hundreds of thousands of men in England in all industries out of employment, and naturally enough they were anxious to open up this great trade which there would be between that country and Russia.

Since my return, nine or ten weeks ago, I have traveled from here down into the New England States; in fact, from the State of Maine down into Kansas and Nebraska, and visited the principal cities, and held meetings in 25 or 27 cities between Maine and Nebraska and Kansas, and I have talked on this question, and I find that our people, the men that I represent, are anxious that trade should be resumed with Russia. They want to trade with any country that they can get to.

Senator KNOX. Are they anxious upon the theory that it will be necessary to recognize the soviet government in order successfully to carry on that trade?

Mr. HEALY. I believe that the average workingman to-day in this country is in favor of the recognition of the soviet republican government of Russia; but we are not here to ask for that. We are here to ask for the opening up of trade relations. I do not know, I am

not well enough informed in political matters and international affairs to know whether it would be necessary to recognize the soviet republican government to enter into trade relations or not.

Senator KNOX. That is what the soviet government themselves say—that they can not and will not enter into this arrangement unless it carries with it a recognition of their government.

Mr. HEALY. Well, if we made the offer to open up trade relations with them——

Senator BRANDEGEE. With whom?

Mr. HEALY. With Russia, with the Russian people, with the Russian Government.

Senator KNOX. There are no restrictions to-day on trading with the Russian people. An American trader can trade with a Russian trader directly if he wants to do it on his own responsibility.

Mr. HEALY. On his own responsibility?

Senator KNOX. Yes.

Mr. HEALY. But you know, Senator, that there is no man going to shoulder that responsibility, and run the risk of losing all that he will put into it.

Senator KNOX. Whom would he expect to stand back of him?

Mr. HEALY. The Government, through the regular channels, through the regular protection. We know that this representative of the soviet government of Russia who left here last Saturday took millions of contracts away with him over to Russia which could be very well used now. We know something of that, or at least we are told by responsible people. For instance, Mr. Vanderlip, representing a number of capitalists in California, went out there and got concessions, according to reports, for 400,000 acres——

The CHAIRMAN. What Mr. Vanderlip is this that you are quoting?

Mr. HEALY. Washington Vanderlip, who is supposed to represent Mr. Doheny and other big capitalists in California.

Senator MOSES. The man who represents himself to have secured the big concession in Kamchatka?

Mr. HEALY. Yes. These are the reports that we get.

Senator BRANDEGEE. You do not know, do you, as a matter of fact, whether Mr. Vanderlip does represent Mr. Doheny or not?

Mr. HEALY. Mr. Doheny has never denied that he did, Senator.

Senator BRANDEGEE. That may be. I have not denied that he represents me, either, but he does not.

Mr. HEALY. I do not know that he said he did represent you, Senator.

Senator BRANDEGEE. No, no; but does he say that he represents Mr. Doheny?

Mr. HEALY. Yes.

Senator BRANDEGEE. Mr. Vanderlip does?

Mr. HEALY. Yes; and the public press has stated that Mr. Doheny was the head of the syndicate that sent him out.

Senator BRANDEGEE. Vanderlip says that?

Mr. HEALY. Yes; the public press has said it.

Senator BRANDEGEE. And Doheny does not deny it, you say?

Mr. HEALY. As far as I know, he has never denied it. We have a list here, but I am not going to take your time to read it, of hundreds of millions of dollars of manufactured commodities that are needed in Russia. There is no doubt they are needed.

Senator BRANDEGEE. What do you mean by "opening up trade with Russia?" What do you want us to do in order to open up trade with Russia?

Mr. HEALY. Enter into trade with Russia.

Senator BRANDEGEE. Nothing prevents any American citizen selling goods to any Russian citizen or any Russian company now, does it?

Mr. HEALY. At his own risk, without the protection of his Government.

The CHAIRMAN. Ah!

Senator BRANDEGEE. You do not mean, do you, that you want our Government to guarantee that every Russian who buys goods of an American shall pay the debt he owes the American?

Mr. HEALEY. Any manufacturer or any American is entitled to that protection.

The CHAIRMAN. Is he?

Senator BRANDEGEE. Do you think our Government now guarantees the debts incurred by foreigners with whom our citizens trade?

Mr. HEALEY. I could not say as to that.

Senator BRANDEGEE. Is that what you want us to do with the Russians?

Mr. HEALEY. I think you should do with the Russians—this resolution, I believe, provides a way whereby these men would be protected in entering into this trade. I do know, gentlemen, that we are losing trade.

Senator BRANDEGEE. Do you know whether the soviet government permits its subjects or citizens to enter foreign trade?

Mr. HEALY. They are entering foreign trade. They are doing business now with England.

Senator BRANDEGEE. Who is?

Mr. HEALY. The Russians.

Senator BRANDEGEE. The Russian people?

Mr. HEALY. Yes.

Senator BRANDEGEE. I have heard it stated, and seen it in print, that the soviet government did not allow its citizens to enter foreign trade; that that was a government monopoly, and that the entering of foreign trade by the Russian citizens was contrary to the principles of the soviet government.

Mr. HEALY. I am not informed on that, Senator, but there are statistics here—I think Mr. Trachtenberg is better informed on these question than I am.

Senator BRANDEGEE. Very well, if you do not know about it.

Mr. HEALY. I am not a Russian, and I am not a soviet, and I am not a socialist.

Senator KNOX. Let me read to you from an article prepared by a very distinguished American economist, in which he quotes a very distinguished Englishman who has seen very much for the soviet government of Russia. He says:

The fact is, instead of our Government—

That is, the American Government—

refusing to let the people of Russia buy our products, it is the present soviet government which refuses that right to its citizens. No Russian citizen is at liberty to buy goods in this or any other country and to import them into Russia. The soviet government has suppressed every right of private citi-

zens, whether individuals or commercial corporations, to engage in foreign trade. In soviet Russia, foreign trade, both export and import, is an absolute monopoly of the state. No trade with Russia can be had except through the soviet government itself. Mr. H. G. Wells, the English writer, in a widely published brief for the resumption of trade with soviet Russia—

That is, in England—

has had to admit that this is the case, and that—

Quoting now from Mr. Wells—

"It is hopeless and impossible, therefore, for individual persons and firms to think of going to Russia to trade."

Now, assuming that to be true—that we are imposing no limitations upon our people to trade with the Russians—and supposing it to be true that the soviet government denies that right, and insists that the trade must be conducted through the government, do you think this Government ought to guarantee that the soviet government will pay for the goods that it buys in this country?

Mr. HEALY. I think so; yes.

Senator KNOX. That is all I want to know.

Mr. HEALY. I think that they ought to; yes. If that is the policy of Russia, that the trade will be through the government, and through the government only, I do not see any reason, if that is their policy, why we should not follow it if it is to our interest to do so, and I believe it is to our interest to get the trade, because there are a whole lot of things, gentlemen, to-day, not between this country and Russia but between this country and other countries, that are very queer.

In looking over some advertisements yesterday, I looked over steamship advertisements, and I find an American line of steamers advertising "Queenstown, Boulogne and London," and in small type it says "Queenstown when permitted." I have looked over the Anchor Line, and I saw that the Anchor Line is landing in that country. To make sure, I called up yesterday afternoon the Anchor Line, and I asked if I could book passage directly to Ireland from New York, and they said, "Yes." I said, "Landing passengers in Londonderry?" "Yes." Now, I can go directly on an English ship to Ireland, and I can not go in an American ship. If that is not discrimination, I do not know what is. There are a lot of our people that are beginning to think it is about time our Government was waking up on these things.

Senator MOSES. What would be your remedy in that case, Mr. Healy?

Mr. HEALY. My remedy in that case? My remedy would be in that case to find out from the British Government's foreign office why it is that American ships are discriminated against. I was a sailor in my young days, and I always took quite an interest in the American flag. Now that we are getting a mercantile fleet, I should like to see it going ahead and trading with every country, and getting a fair show, but it seems to me they are not getting a fair show.

Senator FRANCE. Mr. Chairman, I will say that these questions open up such large subjects that they are very apt to prolong the testimony of Mr. Healy. Mr. Healy has given particular thought, I believe, to the effect upon American labor of this embargo against trade.

Mr. HEALY. Yes, sir; I have.

Senator FRANCE. He would like to present the question from the standpoint of American labor; and the question as to the methods by which trade shall be restored, I think, is a question which he does not really care to discuss. He merely wishes to present the question from the standpoint of labor.

Senator Moses. Do you desire your witnesses to put in their case before the committee without interrogation from members of the committee?

Senator FRANCE. I beg the Senator's pardon if I implied anything of that kind; but Mr. Healy, of course, has a prepared statement, and I thought that if he were permitted to make that statement, then the committee could question him, perhaps, to greater advantage, because by presenting that prepared statement he will convey to the committee that aspect of the question with which he is more familiar.

Mr. HEALY. I do not think, Senator, now that I have taken so much time already, that I will burden the committee with the prepared statement, on account of handing in the British labor report for the record.

The CHAIRMAN. I see no objection, Mr. Healy, to printing that report.

Mr. HEALY. Then I will save you the trouble of hearing my prepared statement, Senator; and I thank you.

Senator FRANCE. Mr. Healy, I did not mean to take you from your feet. I wished you to make your statement to the committee, because I think the committee would like very much to hear the facts which you have to present. Do you state in there how many you represent, how many are in your organization?

Mr. HEALY. Oh, yes.

Senator FRANCE. I wish you would take a few minutes to give the committee that information.

Mr. HEALY. I do not want to take other people's time.

In the short time that we have been organized, we have got resolutions and letters from fully 2,000,000 of the workers throughout the country protesting against further interference in Russian politics, and demanding the resumption of trade with Russia, in the belief that this trade would greatly relieve our markets of a surplus of commodities and open new markets, thereby relieving the steadily growing unemployment in this country, which has already, according to our Department of Labor report just published, reached 3,473,466. The most important of the organizations that have so responded are the Central Trades and Labor Council of New York City, representing 600,000 workers; the Chicago Federation of Labor, representing 400,000; the Pennsylvania State Federation of Labor, 400,000; the Seattle Central Labor Council, 60,000; the International Ladies' Garment Workers, 175,000; the International Association of Machinists, 400,000; the Amalgamated Clothing Workers of America, 175,000; and fully 500,000 others.

I have here a long list of things that are wanted, manufactured materials, etc., that are needed by Russia to-day, going into the millions and millions and millions of dollars. I will not burden you with that. You know, of course, probably more about that thing than I do. I do not want to burden you with it.

That is all I care to say. The principal thing that I wanted to get in was what you have decided to print in the record, the British report.

The CHAIRMAN. I see no objection to printing it.

Mr. HEALY. All right, Senator Lodge; I am much obliged.

(The report referred to is here printed in full as follows:)

REPORT OF THE BRITISH LABOR DELEGATION TO RUSSIA.

The British labor delegation to Russia was sent out by the Labor Party and the Trades-Union Congress acting on a resolution passed by a special Trades-Union Congress on December 10, 1919. This resolution demanded:

"The right to an independent and impartial inquiry into the industrial, political, and economic conditions in Russia."

The delegation consisted of nine persons—seven men and two women—and they were accompanied by two delegates (men) from the British I.L.P. Correspondents of newspapers were also with the party, but did not accompany them in all of their investigations.

The British foreign office, when applied to for permission to go to Russia, referred the question to the consideration of the council of three then sitting at San Remo, and obtained their consent to issue passports to proceed to Esthonia or Finland for the purpose of entering Russia—The latter country, however, not being mentioned. The soviet foreign office, through M. Litvinoff at Copenhagen, telegraphed a prompt and cordial acceptance of the proposed visit, and the delegation left England on April 27 and crossed the Russian Esthonian frontier on May 10, arriving at Petrograd on the following day. On the evening of May 16, the delegation left Petrograd for Moscow where they arrived the following noon, and remained in Moscow until the 28th, when they traveled to Nijni-Novgorod and embarked on the ss. "Bicinski" for the voyage down the Volga to Saratov. At Saratov the majority of the party returned to Moscow, but certain members (owing to the illness of one of their number) remained on board and proceeded as far as Astrakhan on the Caspian sea, and returned by ship to Saratov. The party who returned first to Moscow, visited the Polish front near Smolensk.

The shortest period any member of the party was in Russia was about three weeks; the majority of the members were there for about six weeks; and one remained longer to study peasant questions in the Samara government.

CONDITIONS OF INQUIRY.

During their visit to Russia the delegation saw and talked with the chief members of the government, with influential workers in the soviet and in the trade-unions, with propagandists and educationists, and with members of political parties opposing the communists. Numerous institutions were visited, including factories, workshops, soviet stores, cooperative societies, schools, and hospitals. Theaters were visited both in Petrograd and Moscow; numerous meetings were addressed; receptions and dinners were attended; great parades of troops were reviewed in Petrograd and Moscow, and the army seen at work at the front at Smolensk. In addition to this, numerous private persons were interviewed. The delegates generally had freedom of movement and inquiry, and were able to make individual investigations; they feel assured that they were able to see a substantially normal sample of Russian life. Both town and country were seen. Throughout the visit the delegation were received everywhere by the civic and trade-union authorities with military guards of honor, with bands playing the "Internationale," during which all stood at the salute, and by a very real and genuine popular interest and welcome from peasants and workers. We were the open door into the outer world which had been shut so long.¹

We feel it necessary to begin by pointing out that most accounts of Soviet Russia which we had seen in the capitalist press of our own country proved to be perversions of the facts. The whole impression gained was of a different character from that presented by these accounts. We did not see any violence or

¹ For list of institutions, etc., towns, villages, and chief political and trade-union representative men and women, see Appendix A.

disorder in the streets, though we walked about them freely at all hours of the day and night. We did not see people fall dead of starvation in the streets. We did not see any interference with the religious life of the people. We did not see any Chinese soldiers. We saw no evidence of extraordinary luxury on the part of the leading commissars. We did not find that either women or children had been nationalized. We certainly did witness a widespread breakdown in the transport system with deplorable economic consequences, and we saw terrible evidences of underfeeding and suffering. These points have been dealt with, however, in the reports already issued by the delegation on the iniquitous policy of intervention and blockade.

GENERAL CONDITIONS: FOOD AND CLOTHING.

The first thing to which the attention of the delegation was directed on entering Russia was the question of public order and the conditions of the people—their individual physical condition, their clothing, the conditions of their daily life and work, the houses they lived in, the appearance of their children. Our first impressions in these respects were confirmed throughout our stay.

With regard to public order there is very little to choose between one side of the Russian frontier and another. In both, peasants till the fields, men work on the railway line, and little crowds are to be seen on platforms of stations as the train goes through. In Russia, however, there are evident signs of illness and underfeeding to be seen in most crowds that one looks at. But children look better than adults. The official estimate supplied to the delegation by Dr. Semasko, people's commissar for public health, was that in the towns in January of this year only 50 per cent of the food required was supplied. The clothing of most people is very shabby indeed; quite ragged clothing is often seen, and boots and shoes are very bad. Very few boots, indeed, are not obviously patched and repatched, many are past this repair, while the ordinary Russian footwear of bark or felt looks very defective when much worn. At all Russian stations soldiers—mostly dressed in faded khakilike uniforms—were conspicuous, as well as railway officials in their old uniform.

There is no doubt that the average Russian in the towns is underfed, badly clothed and badly shod. Peasants, however, are much better off, and those we saw were sufficiently fed. Ailing and sick children are seen only rarely. On the average, children are better off than adults in Russia. The standard of nutrition of children, however, is not good judged by western standards, children seen at a good open-air "colony" school on the outskirts of Petrograd, for instance, having the general standard of nutrition of London children in an average poor district. The Russian Child Saving League estimate that a child receives only enough food for 18 or 19 days in each month—roughly about two-thirds of the supply needed. Few town children over 1 year receive milk unless purchased specially at open market rates which are quite out of reach of the average working man or woman. The deficiencies in diet are above all in quantity, and then in milk, fats, green vegetables, and albuminous foods.

HOUSING.

Most Russian houses, except in the large towns, are of wood, and in the villages often house a very large number of inmates. The houses seen in the villages were of fairly good type, but the general sanitary conditions remain "exceedingly bad."¹ There is no acute shortage of houses in the villages, and during the last year there has been an increase in the amount of new building. In the towns "the sanitary conditions of houses are exceedingly unsatisfactory,"² but with the requisition of all private houses and the new distribution of housing accommodation among the population, the evils of overcrowding are now less. There is ample accommodation in Petrograd, the population of which is reduced from an estimate of about 2,000,000 to about 800,000; but Moscow is overcrowded. The lack of fuel for warming houses in Moscow and Petrograd has resulted in the destruction by frost of water and sanitary pipes on a large scale, and the water carriage of sewage is consequently in abeyance in a large proportion of all buildings.

¹ Report of commissar of public health.

² Ibid.

INDUSTRIAL AND POLITICAL LIFE.

Turning now to the general conditions of industrial and political life, there can be no question of the sweeping character of the Russian revolution. It has effected in the towns of Russia not only a change of political power, but a social transformation. The richer classes have been dispossessed of their houses and other property; the control of large scale industry has passed out of the hands of those who were formerly at the head of it. Large masses of the town population are now enjoying a share of the available national wealth (including house accommodation) greater than they enjoyed before; and new possibilities of life and culture are opening out before them; and this is true in a very special degree of the child population.

Social equalization is, indeed, far from complete. There are certain classes which do better than others, e. g., the soldiers, those doing specially heavy manual work, and so-called "responsible workers" in the central government departments; persons who are making money by speculation, i. e., private dealings of any kind, but especially the sale of "controlled" articles illegally at market prices; and persons who are still able to sell valuable property which they possessed before the revolution. Large numbers obtain special privileges, and some make fortunes. But when all is said, the material advantages enjoyed by the "new bourgeoisie" over and above the rest of the population are extremely small when compared with the advantages enjoyed by the propertied classes in every capitalist country. Broadly speaking, a single standard of living has been established. The glaring inequalities of fortune which form so great a scandal in capitalist countries and which are maintained even in distressed countries such as Austria and Poland; the striking difference in economic position between the rich and the poor; these things no longer exist in Russia.

This equalization applies to education and entertainment as well as to food, housing, and clothing. Opportunities of education are now open in the towns to large numbers of children and adults, from the elementary stages up to the university. In connection with the theater, music, painting, and sculpture, sports and physical development, means of pleasure and cultivation have been given to the workers on a scale unknown in earlier days. The greater part of the tickets in the principal theaters which formerly the poor never dreamed of entering, are now allotted to the various trade unions for distribution to their members at low fixed prices.

We have been much struck by the enlightened policy of the soviet government in the matter of child life. It has consciously adopted, and is practically enforcing, the principle to which lip service has so often been rendered—that at any given time the life of the rising generation is of greater moment to the State than the lives of the adult population, and that consequently the children's claim upon all the physical and intellectual resources of the State must be satisfied before any other. The utilization of the houses of the rich for "children's colonies" (which take the place of the elementary schools during the summer) is one of the most striking illustrations of this principle.

Great efforts have been made for the economic reconstruction of the country, which is a matter of life and death for Russia. The red army, before the recent Polish attack, had been partially transformed into a labor army, and arrangements had been made for mobilizing civilian labor for works of immediate necessity; large new transport and electrification schemes had been initiated. Voluntary and unpaid labor on Saturday afternoons for purposes of reconstruction (the "Subbotnik," as it is called)—carried out, it is true, mainly by communists, and partly to be regarded as a means of educating the public—has become one of the regular features of town life. The idea of the duty of all citizens to take part in reconstructive work for the State is being inculcated to a degree unknown elsewhere. A great campaign of popular propaganda has been inaugurated for this purpose, by means of the press, posters, notices, and "propaganda trains."

These achievements of the soviet government represent, we are aware, only one side of the picture, but as socialists we feel that they should be emphasized at the outset. We must state, on the other hand, our conviction that these achievements have been bought at a very heavy price. We allude not merely to the violence which accompanied the revolution—the exact extent of which we have not investigated—but to the methods of government which are still believed by the dominant party to be necessary. We leave open, for the present,

the question as to whether these methods were or were not "inevitable." We confine ourselves simply to the state of affairs which exists.

Personal freedom, together with freedom of speech and of propaganda (including newspapers, the issue of election literature, and the holding of meetings), is severely repressed in the case of all those whose activities are supposed to threaten the soviet régime. The means now used are far less severe than those used when foreign invasion, civil war and internal conspiracy were at their height—"the terror," as they are called by communists themselves. But "the terror" has left its traces behind it, in the form of a pervading fear which is expressed on all hands—a fear sometimes more vague and sometimes more definite that any expression of opinion adverse to the dominant party will be treated as "counterrevolutionary," and will lead to imprisonment or some kind of penalization. This fear is kept alive by the fact that arrests constantly take place for alleged political offenses. The definition of such offenses is dangerously wide, closely resembling, in fact, the definitions adopted in our own defense of the realm act, and the numerous orders made under it. The fear above alluded to is evoked especially by the extraordinary commission, a body independent of the ordinary courts, acting upon no definite code of law, and controlled by a "collegium" consisting of members of the Communist Party.

The main reason given for these methods of government is the dangerous situation created by foreign attacks, and the maintenance and encouragement of internal conspiracy by foreign agents. An overwhelmingly "strong" government is thought to be necessary, because the mass of the people, though passively supporting the soviet government, are not yet sufficiently "conscious" to be immune from counterrevolutionary influences.

All possible means are used to secure the dominance of the Communist Party in the elections to soviets. The actual congresses of soviets are large and unwieldy bodies, and the power tends to be concentrated in the hands of executive committees and presidiums. Elections become less frequent and more formal, and the party aims by means of organized groups at controlling every department and every institution of the national life.

The dominance of the Communist Party is not only accepted in practice, but defended as something which, though not in the written constitution, is an essential part of the working of soviet institutions under the present transitory conditions. The right of bearing arms, possessed by members of the party, is based on this idea. The counterpart is to be found in the onerous and dangerous obligations which attach to membership.

The report of the ninth congress of the Communist Party, held on March 29 to April 4, 1920, is concerned with State policy in its widest significance, and gives decisions which members of the delegation have seen already carried into effect in Russia in June, 1920.

The second paragraph of the report of the ninth communist congress deals with "The question of organization" and lays it down that "it is the business of the party to explain to every one of its members that at the present moment when the Russian Communist Party is responsible for the economic life of the country, the most inconspicuous and roughest work in the economic sphere is one of the greatest importance, and is to be considered responsible party work."

The sentence quoted is typical of the finer side of the Communist Party attitude to what they consider their duties and responsibilities.

Another matter to which attention must be drawn is that centralization and government control are on the increase in other departments of life than those already mentioned.

Labor power is dealt with more and more on disciplinary principles. The trade unions are increasingly controlled by centralized "councils of trade-unions," which are more amenable to the influence of the supreme council of national economy. The cooperative movement, instead of being an institution for self-help on the part of certain sections of the community has become a definite part of the State machinery.

As to the country population of Russia, it has not been won over to socialism, or to anything more than a passive acceptance of the soviet régime. The peasants are supporters of the revolution, on the ground that it has placed the great estates in their hands. But the nationalization or socialization of the land has not been achieved except in name. Communistic methods of agriculture are being introduced here and there, but have made little headway.

The methods of rule and government as here outlined are severely criticized by the social revolutionaries, by the mensheviks and by Prince Kropotkin in the memorandum he has submitted. (See Appendices.)¹

It now remains to consider how the government of Russia is tackling the practical problems of its foreign relations, and of its own plan of internal reconstruction.

FOREIGN POLICY AND MILITARISM.

The British labor delegation has already unanimously recorded its emphatic opinion of the criminal folly of the policy of intervention, nonrecognition, and blockade hitherto pursued by our own and other Governments of the Entente group.² In this declaration we have called attention to the danger of the militarization of Russia.

The allied policy which has made this militarization not only necessary but inevitable from the standpoint of the government of Russia defending itself against attack from without has also pushed Russia in the direction of expansion toward Persia and the East. When questioned on that aspect of Russian policy the commissar for foreign affairs—M. Chicherin—said that if England and France attacked them (through Poland or otherwise) "their hands were free in the East."

The danger of the creation of a Russian militarist spirit, bitterly hostile to this country, is a real one, for which we have to thank the Governments of Lloyd George, Clemenceau, and Millerand.³ We are of opinion, however, that the Russian government, while hoping for social revolution elsewhere, does not intend to attempt to carry this out by force of its armies, and that it will be possible to make a durable peace with it on a basis of mutual nonintervention in internal affairs. We consider that it has rendered, by its publications of the secret treaties, a great service to democratic and open diplomacy. By its repeated offers to negotiate on reasonable terms, it has shown a genuine will to peace. It has shown in particular every disposition to make peace with the border States in the West (Finland and Poland). Arrangements have been concluded already with Georgia, Latvia, Esthonia, and Lithuania, the Republic of Azerbaijan has entered into a federative alliance with Russia, and the status and relationship of a Far Eastern Republic, stretching from a line east of Lake Baikal to the coast of the China Sea, is now being discussed in Moscow. The Russian government has thus shown that it has renounced the Imperialist policy of Tsarist Russia, and is ready to deal with the difficult problems of nationalities on a basis of justice. It should be realized that whatever the theoretical views of certain communist leaders may be on the desirability of a world revolution, the practical administrative problems which confront them are of such a nature as to demand the last ounce of their energy, and the last fraction of their organizing capacity.⁴

THE LAND AND THE PEASANTS.⁵

The most important and urgent of Russia's practical problems is that of the productivity of the land, and the relationship of the town and the peasant populations.

The total population of Russia and Siberia within its present frontiers is estimated at 125,000,000, of whom at least 90,000,000 are peasants. While the towns are preponderant in political power, they are dependent for their food on the peasants. At present the peasants support—or at least do not oppose—the Bolshevik government for at least two reasons: (1) The revolution has given them more land, which they wish to keep; and (2) their experience of the rule of Denikin, Koltchak, and other counter-revolutionaries has made them see that Bolshevik rule is less severe.

By decree all land is nationalized, and in practice the large estates have been expropriated and the holdings of the richer peasants broken up. The "Squire's land" in the villages, and undeveloped land, has been added to the poorer peasants' holdings. When the delegation interviewed M. Sereda, commissar for agriculture, he stated that as long as the peasant works his land he holds it, and while the right of inheritance is stated not to exist, the question of the use

¹ Vide Appendices.

² Vide Appendix Second Interim Report.

³ Vide "Russian Militarism and the New Patriotism."

⁴ Vide Memorandum "Effects of Blockade."

⁵ Vide "Memorandum on Peasant Life in Samara Government," by C. R. Buxton.

of the land in case of death is settled by the peasants of the village; and while land can not be sold or willed away, "if the family undertake to work the land, then there will be no interference with them."

The practical difficulties of getting supplies from the peasants are evidently very great and similar to those existent all over Europe at the present time.

According to Russian law, corn has to be delivered to the government on payment of certain very low fixed prices, but it is the intention of the government to pay not in money but in kind. At present, however, there is little which can be given in exchange, and the peasant is consequently resistant, as paper money is worth very little and he can not obtain the manufactured goods which he needs. Nevertheless, the amount of corn collected is increasing. M. Lenin, in an interview, stated that the amount had risen as follows:

| | Poods. |
|--------------------|-------------|
| 1918..... | 30,000,000 |
| 1919..... | 110,000,000 |
| 1920 (to May)..... | 175,000,000 |

M. Sereda pointed out the difficulties of his department, as follows:

(1) Fall in production due to lack of manures, lack of machinery, deterioration of stock, lowered physique of workers due to lack of proper food. The decrease in productivity is estimated at 30 per cent to 40 per cent.

(2) Want of technical experts—*e. g.*, 35,000 land surveyors are required, and they have only 4,000.

Nevertheless, M. Sereda stated that the policy of developing state farms and encouraging the agricultural communes and artels (different types of cooperative farms) in every way, was being carried out. In 1918, there were 242 co-operative farms; in November, 1919, there were 6,366, the areas being 23,509 and 650,000 desiatins, respectively. The farms employed in 1918, 32,199 persons, and 1919, 420,904 persons. Certain so-called "soviet" farms are being worked to supply individual factories.

M. Sereda pointed out the importance of Russia to the world by giving certain figures of supply for Russia:

| | Proportion for Russia. |
|--------------------------------|------------------------|
| World's supply of cereals..... | per cent.. 79 |
| Rye..... | do..... 48 |
| Hemp and flax..... | do..... 70 |

M. Sereda considered that the transition from individual farming to socialized agriculture could only come about by peaceful voluntary cooperation and not by violence, and that consent would have to be won by studying the psychology of the people. German agricultural experts were coming to assist them, and they desired the delegation to extend a similar invitation to English agricultural experts also.

As well as the corn which the peasants deliver to the government, they are also called on to sell other products up to a fixed proportion and at a fixed price. Above this proportion private trade in agricultural products is allowed, and in the market at Moscow milk, potatoes, green vegetables, carrots, eggs, pork, and other foods were on sale. Bread was obtainable also at 400 rubles the pound, a very large increase on the ration price of two rubles. The great discrepancy between the fixed government prices and the open market prices is a cause of great dissatisfaction to the peasants, and an incitement to illicit trade.

For a long time to come, it is clear that Russia must be dependent for its food supply on arrangements made with what in practice is a population of peasant proprietors. In spite of great efforts, including the use of force where methods of persuasion fail, the necessary amount of food is not obtained, as the food statistics show. Nor are things likely to improve in this respect, unless the government are able to pay something more than paper, which by the tremendous inflation of the currency becomes every day less and less valuable. An English pound changed at the commissariat of finance realized 4,800 rubles, while the price in the open market was 10,000 or over. And it is remarkable that at this higher rate of exchange prices were roughly comparable with those in western Europe. But with the inflation of the currency the value of the ruble drops, and prices rise.

The peasant is allowed and expected to feed himself and his family, also his stock, off this land before giving up any product to the government, and except

in districts like the Nijni-Novgorod government, he is enabled to do so. Before the government makes its demands, an allowance is made for depreciation of productivity due to absence of manures, machinery, and also for seed. Most peasants seen were sufficiently fed; but their clothing and boots were deplorable, and all were in need of agricultural implements and machinery.

NATIONALIZATION OF INDUSTRY.

The large industries of Russia, the coal, iron, gold, and platinum mines, the petroleum wells, the locomotive and machine works, metal industries generally, the textile industry, the railways, larger shipping, and some smaller industries, such as salt and cement, have been nationalized. Some smaller industries, such as the Trezor works at Petrograd making army equipment, and shipping up to 30 horsepower on the Volga, have been left in private hands. But despite a big program of reconstruction the blockade and the fight against Koltchak, Denikin, and the other counter-revolutionary forces have prevented anything more than the effort to maintain industry. The retail shops have also been nationalized, and so has banking. In the case of the shops, this has led in practice to the closing of shops, but not to the stoppage of retail trade. Banking, on the other hand, is being converted into a central bookkeeping department of the State.¹ The production of the country is being dealt with according to an "economic plan"² largely under the direction of the Supreme Council of National Economy.

M. Milutin, the assistant of the commissar in this department (M. Rekoff), explained to the delegation that "while the war is on we can not extend industry, we can only maintain it." The economic plan of the development of Russia is based upon a very comprehensive survey of the need of the country, but is governed in its practical application by two main factors: (1) The restrictions on external trade, and (2) the Polish offensive.

The economic plan contemplates 50 productive departments, a financial department, and a department to coordinate the work of local economic councils which exist in different towns, in the different governments, and in larger areas (oblasts) embracing more than one government. Each department is controlled by a director or a collegium of three or five members, and the whole of the supreme economic council is controlled by a *præsidium* of eleven members nominated by the central executive committee of the trade-unions, and confirmed by the council of people's commissars.

The functions of the supreme economic council are: (1) Industry, (2) the financing of industry and the parceling of raw materials. There are 5,000 nationalized enterprises, of which 2,500 are grouped into 179 trusts and directed by the council itself; 70 per cent of these enterprises are working; 2,500 enterprises are managed by local economic councils forming part of the provincial (gubernia) organization, but directly responsible to the supreme economic council. The supreme economic council has the power of veto over the members proposed for appointment to the local economic councils. Food, fuel, raw material of industry and transport, and material for education are all supplied by the supreme council of national economy. In the case of bread, for instance, a special commission representing the food commissariat, the central executive committee of the soviets, and the supreme economic council fixes the amounts of food for different categories of workers, and then distributes the bread available according to the reported population of each district. The work of the council is thus highly centralized; and M. Milutin explained that in connection with the nationalization of industry "the main line of policy is to establish centralized organizations."

The difficulties of the transition period from the condition of chaos, which existed at the beginning of the revolutionary period to the present day, are well exemplified in the Report of Two Years' Dictatorship in the Metal Industry of Petrograd, by M. N. J. Anton, president of the metal section of the council of national economy of Petrograd.³ The trade-unions of Russia have all grown up within the last few years, and their members in consequence have not had a training in administrative and practical affairs like the trade-

¹ The publications and reports of the Russian Commissariat of Finance are now being translated and considered and will be reported on later. The financial theory of the Soviet Government aims to do away with the need for money.

² Vide Report Ninth Congress of Communist Party.

³ Appendix.

unions of this country. In February, 1917, there were only three trade-unions in Russia with a membership of 1,385. At the beginning of the revolution some workers broke up the machinery with hammers, and took pieces home to their own houses; in the majority of workshops and factories the technical staff managers, engineers, and clerks were thought to be hostile to the revolution and were turned out. The further revolution compelled the originally independent factory committees and trade-unions to coalesce, the factory committees remaining the local organ of workers' control. Later on control passed to a bureau organized by the metal trades section of the economic council. Still later factory administration collegiums were organized, consisting of two-thirds representatives of the council of national economy, and one-third of factory workers. These collegiums have now been replaced (Ninth Communist Congress Report) by one-man management.

Various methods have been tried to stimulate production which had fallen to "almost a catastrophe" owing to (1) the want of qualified workers and technicians; (2) weak labor discipline of the workmen; and (3) the abolition of piecework.

• In the reintroduction of the system of piecework in 1919, a more ambitious program of work was attempted (January-June, 1919), and the production was increased. Sea transports, river steamers, submarines, torpedo boats, barges, and trawlers were made or repaired; 23 locomotives made and 41 repaired, as well as 466 wagons made and 3,313 repaired.

The difficulties of the situation were complicated by the Yudenitch attack on Petrograd. The difference between estimate and accomplishment is shown below:

| | Estimate. | Achievement. |
|------------------------|---------------|---------------|
| Fuel, in poods----- | 1, 225, 806 | 81, 758 |
| Workmen, employed----- | 38, 286 | 14, 670 |
| Wages, in rubles----- | 106, 593, 000 | 114, 191, 000 |

In 1919 the metal industries of Petrograd district were grouped into seven trusts, viz, motor cars (eight factories), aeroplanes (eight factories), medium-sized machinery (eight factories), copper industry (four metal works), heavy machine industry, mass fabrication trust (eight factories), and apparatus of precision and clock trust (thirteen factories and shops).

Only in May, 1920, however, was an inventory of metal and metal wares begun. The metal section looks forward to the creation of a "socialistic economy" when improvement in the fuel situation takes place after the war.

Much the same story can be told of the textile mills and also of other less important organizations. Coal-getting operations are just beginning in the Don Basin; and the reconquest of the Caspian Sea gives access to the oil of Baku which is being sent up the River Volga in increasing quantity, vivifying the shipping and the industry on the banks of that mighty highway of Russia's economic life.

Members of the delegation saw how the life at Astrakhan and its fishing industry was becoming busy and active, and how the salt industry at Vladimirovka had restarted (June, 1920), with the arrival of the naphtha of Baku. But while the war continues all attention needs to be concentrated upon it, and the economic rebuilding of Russia has to be deferred.

THE COOPERATIVE MOVEMENT.

The great change in the organization of the cooperative societies (already referred to) took place in April, 1920, and the chairman (M. Lejava) is already (interview, June 2, 1920) able to look forward to the handing over of the functions of the food commissariat to the central organization of the cooperative (the centrosolus). At present the centrosolus controls both certain productive enterprises and distribution. All citizens of whatever class are members of cooperative societies. The workers are being educated in the principles of cooperation as laid down by Robert Owen. In its dealings with commodities, the centrosolus carries out the orders of the supreme economic council with regard to the distribution of State monopolized articles, and works according to the tariffs and categories laid down. The monopolized

articles are wheat, bread, coal, sugar, textiles, fur, clothing, and timber. Other goods are not monopolized, but the centrosolus, while working here as a voluntary organization, adopts in practice the general economic plan as a guide and distributes goods according to the needs for efficient workers, and not according to capacity for payment.

The centrosolus has a representative on the supreme economic council, and the chairman has the right to attend meetings of the people's commissars although without power to vote.¹

LABOR.

All matters directly affecting labor are the concern of the commissariat of labor, which is governed by a commissar and a board of two others, all of whom are nominated by the central executive committee of the trade-unions and appointed by the council of people's commissars.² There are about 500 local departments in different districts and governments. The departments of the commissariat are: (1) Registration and distribution of labor; (2) fixing of rates of wages; (3) protection of labor; (4) statistics; (5) museum of labor; with subsidiary departments dealing with finance, organization, and internal arrangement of the commissariat.

Labor exchanges, of which there are 420 with 260 branches, are now part of the labor department of the State, and they distribute labor for all purposes. Wages and hours of labor are fixed in accordance with the economic conditions of the country, and in practice this is done by the central executive committee of the trade-unions. During the war it has been necessary to allow the employment of children and young persons; but it is hoped to withdraw all persons up to 16 years of age from industry at an early date. Overtime is encouraged in factories and workshops, and double employment is undertaken. Children of 16 are not allowed to work more than six hours a day. All hours over eight are paid as overtime, and the workshop votes on the number of hours to be worked overtime. Women work the same hours as men, but for eight weeks before and eight weeks after confinement they are excused from work and receive full pay.

An average wage for a normal month's work varies from 1,200 to 4,500 roubles according to skill. Those out of work receive the total unskilled wages, whether they are skilled or unskilled, plus dinners and ration card entitling them to purchase goods at fixed prices. Those unemployed must accept suitable work if offered, under penalty of forfeiting their pay. Specialists and technicians receive very much higher rates of pay.³ At the present time there can be very little unemployment in Russia, although exact figures are lacking. The difficulty is to prevent men leaving the factories and workshops and going to the country. Membership of trade-unions is compulsory, and embraces all persons without exception engaged in an industry or institution. A trade-union in a factory includes technical staff, clerks, engineers, skilled and unskilled workers. A trade-union in a hospital includes orderlies, charwomen, stokers, dispensers, nurses, clerks, and doctors. Labor is also compulsory for all able-bodied men and women of 18 years and over up to 50.

The difficulties of the situation were seen by the delegation in the ragged and half-starved condition of the workers at Sormova and Putiloff works. They were drawn forcible attention to by a worker from the Kolomna works who stated that desertions from the works were frequent, and that deserters were arrested by soldiers and brought from the villages. The workers at Kolomna were stated to receive about 4,000 roubles a month or 48,000 a year, while the living of an ordinary peasant reckoned at ordinary market prices was valued at three and a half million roubles a year. Also, the peasants are willing to employ men at much higher money wages than they can get in the factories and workshops, plus a plentiful supply of food which the town worker does not get.

M. Karl Radek, secretary of the third international, says to the workers: "No surprise is entertained at your having fled to the villages to escape starvation, but the entire country is doomed to ruin and famine unless you return to town."

The direction in which interesting developments of trade-union activity may occur is seen in the account of the visit paid to Chatura Electricity Works,

¹ Vide interview with the centrosolus, Appendix.

² Interview with M. Schmid, commissar for labor.

³ Appendix.

where peat is used as a source of power.¹ Here the workers, who are peasants, and who work only two and a half months a year, are paid much higher wages than usual, the money wage amounting to from 15,000 to 20,000 roubles a month plus a substantial payment in kind of very good rations. One hundred and five people here had handled 7,000,000 poods of peat, while at another works, working on the normal system and at normal rates of pay, 283 people had only handled 6,000,000 poods. Another interesting experiment is at Razan, and is being carried out by members of the building trade-union who had been given 2,500 acres of land and undertaken to develop a community; they were working directly under the supreme council of national economy.² One thousand one hundred and fifty people are employed, and the community has its own communal kitchen, its own schools and library, and crèches for the young children. The productive departments of the colony are a carpenter's shop, a tin-plate shop, an engine shop, a flour mill, and a railway with an engine of its own. This community is undoubtedly far more favorably situated than the ordinary workers of Moscow or Petrograd, and their life can not be compared with the stress and strain of the normal lot. Amongst other advantages, it enjoys that of being in the country and being able to grow its own food. The rations of the community were distinctly good. Work along these community lines appears to be in the line of natural development of the Russian workers' psychology, which, in work, always expressed itself before the revolution in the *artel*. (A primitive method of cooperation.)

Another interesting experiment is that of the Russian-American tool shop, created in Moscow by 70 men deported from the United States, a large number of whom, of course, spoke English, and who had had experience of American organization of industry. The men were working 12 hours a day and had a premium system by which it was possible for a worker to earn 100 to 200 per cent more than the rate. A special laundry and cookhouse was attached to the shop, and all the workers, men and women, got not only dinner but supper.³

The communist view of the trade-unions is expressed in the report of the interview with M. Schmidt already given, and in "The trade-unions in soviet Russia," by A. Losovsky (Moscow, April, 1920). The present defects of organization are recognized, particularly the impossibility of carrying out completely the proposed "system of the State regulation of wages," but it has one very great virtue, "it is the child and creature of the revolution" (p. 46). It is stated that "there is not a branch of State activity (military, food, sanitary, economic, technical, cultural, etc.) in which the Russian trade-unions are not engaged." "Revolutionary activity, whole-hearted loyalty to the cause of the revolution, the clear and firm position in the struggle with the bourgeoisie, the stern and ruthless hostility to the very idea of the cooperation of classes, the fearless destruction of old relations and fetishes, are things which the Russian trade-unions may teach the workers of other countries." The critics of the present form of trade-union point out the need for "independent class organization" in opposition to the tendency of government policy being framed to suit the preponderant mass of the peasants. Also that the need of Russia for foreign capital, and "the adaptation of Russian private capital" with the "extreme growth of private small and home industry" creates now "numbers of hired workers standing in need of defense of their interests by the trade-unions. Another reason for the maintenance of independent unions is to resist "compulsory" measures and "bureaucratization" by the soviet authorities, and they must be able "to defend before the government the interests of the proletariat, independently of the views of the government itself." The critics look to improvements in wages, reform of the loans system, freedom of election of boards of administration and works committees, and political reforms to secure greater freedom generally.

WOMEN AND THE FAMILY.

The considerations that apply to the labor of men in Russia apply also generally to that of women. But special legislation aims to secure a period of relief from work at full pay for eight weeks before and eight weeks after a confinement, and nursing mothers up to one year from the birth of their children

¹ Appendix.

² Appendix—Visit to Russian American tool shop.

³ Vide Appendix. Aims and objects of the trade-unions.

are supplied with extra rations and exemption from certain kinds of work. How far these excellent prescriptions are carried out in practice the delegation do not feel able to say.

All able-bodied women in Russia are now expected to work, and it is important to remember that in old Russia the women of the working classes habitually went out to work, and as a rule left their children locked up in their rooms. Now they can dispose of their children in four ways:

- (a) By looking after the children themselves.
- (b) By sending them only to the midday meal at the children's dining rooms.
- (c) By sending them to kindergartens or crèches, where they are taken care of the whole of the day.
- (d) By placing them in the children's communities where they are looked after, fed, clothed, and housed by the soviets.

The theory of the Communist Party that every soul must give a labor contribution to the community carries with it the implication that the individual must be freed from the economic burden of the family. Both men and women are paid on a basis of individual wage. The State, therefore, must come forward and provide for the economic needs of the child; it is the concern not only of parents, but of every adult citizen to see that all the children are well cared for; and through the public purse all contribute to their upkeep.

It is impossible at this stage to express an opinion upon the effects of this great change in the economic relationship of parents and children. We are of the opinion that while it will undoubtedly modify the lives of children in the towns, it will not make much impression upon the great mass of the children spread over the peasant population.

There are very few, if any, sex barriers to work in soviet Russia; the majority of teachers are women, as in Great Britain; about half the doctors are women also, and women are found in every department of life. Women serve in the army, and some are officers. The head of the police of Petrograd is Madame Ravitch, and she has all the men as well as a large staff of women under her. The heads of the child welfare departments of Petrograd and Moscow are both women.

Women also are elected to the soviets and take part in trade-union work, although in small numbers. Women are especially enlisted by the medical department to help in the sanitary and cleanliness work of the local soviets.

COMMUNIST PARTY WOMEN'S DEPARTMENT.

The Communist Party has organized a women's department. In structure, it is like our women's section of the Labor Party. It has its committee working in conjunction with the central committee of the party, and it has its sections in connection with every branch and every district throughout the country.

The function of the women's department is to develop women for administrative work, to educate them in all branches of the government's activities. They organize the mothers of the children to attend crèches and children's dining rooms. They prepare rotas so that one or two mothers are in attendance in the dining rooms to see that the staff perform their duties adequately. They hold meetings to discuss all political and economic questions, as well as matters relating to health. Innessa Armand (known as Innessa), the head of this department in Moscow, was especially emphatic about the question of prostitution. The old régime left a very large heritage of prostitution. It has not yet disappeared, although the change in the economic system is hastening its disappearance. There is a great deal of venereal disease, however. Innessa Armand stated that there is no longer the economic incentive to prostitution. They try to make old prostitutes engage in useful work and by educational methods they are preventing the making of new prostitutes. Girls of 16 start work and are expected to work at least six hours a day.

The State has abolished all distinction between legitimate and illegitimate children. They have now a system of registration of births of all children. The father's name is always registered as well as that of the mother. There is now no attempt on the part of the father to conceal parentage. In old Russia there was no civil marriage, only the church marriage, and a very large number of people lived together without marriage. They called this agreement to live together a "civil contract," but there was no registration. Now, while it is still true that some people live together without marriage, as a rule they prefer to be legally married. Divorce is by mutual consent, and if one party disagrees or objects a delay of three months is imposed. The department has not yet had

time to establish the necessary statistical machinery, but it was given as a considered opinion by Innessa that the relationship between parents and children, when not depending upon an economic tie, is more likely to depend upon the bond of love. The story that women are "nationalised" in Russia is a stupid libel without foundation in fact.

TRANSPORT.

A matter of importance as grave as that of agriculture to the country as a whole is the question of the transport of commodities from one part of Russia and Siberia to another. Food may be abundant in Siberia, but Petrograd will starve if the trains and steamers do not go. The importance of this problem is emphasized strongly in the Report of the Ninth Congress of the Communist Party. And while the delegation was in Russia they were enabled to see the progress which is being made.

The operations of the army at the Polish front are supported by an adequate railway system. Trains are running from Petrograd to Moscow, and Moscow to Nijni-Novgorod, to Saratov, to Vladikavkaz and Baku. The railway to Siberia is open, and used for military purposes. Members of the delegation themselves traveled from the Esthonian frontier to Nijni-Novgorod and voyaged down the Volga from Nijni-Novgorod to Astrakhan. A large part of the journey was in company with M. B. M. Sverdloff—the acting minister of ways and communications—who is himself largely responsible for the improvement of transport, and an enthusiastic advocate of one-man management and personal responsibility. The transport system is improving, many routes of trade have been repaired after destruction caused by war, and many bridges rebuilt and repaired. The program of railway reconstruction laid down for accomplishment has not only been carried out, but its achievement exceeded. At least 4,000 locomotives are now working in Russia, and they will reach 6,000 before long. Wagons exist already in considerable numbers, and many evidences of repair work were seen en route in sidings and at stations passed in traveling. The discipline of the transport service is severe; fines, imprisonment and curtailment of privileges are inflicted for many offenses, and drunkenness on the railway on the part of an official (alcohol is, of course, prohibited throughout Russia) is punished with death by shooting.

Being parts of the lines of communication, men in the railway service are deemed of equal importance with members of the red army, and have to undergo military discipline and receive rations on the same scale as the red army.

The reconquest of the Caspian Sea has made the oil of Baku available for river and railway service, and opened up communication with Turkestan and with Persia. There is little doubt that in the near future a substantial improvement in the situation will be registered.

PUBLIC HEALTH.

A matter which fails to be considered apart from other questions, although of fundamental importance, is that of public health. Health conditions in Russia are very bad, and only mitigated by the unflagging work of the doctors and sanitary personnel. Since 1918 the country has been swept by great epidemics of typhus, of recurrent fever, of Spanish influenza, and of cholera, while local outbreaks of smallpox and other diseases have occurred. The Russian commissariat for public health states that a typhus epidemic broke out in the autumn of 1918 and lasted until the summer of 1919, the number of cases registered during eight months being 1,299,262, with a death rate of from 8 to 10 per cent. This is presumably independent of an epidemic of recurrent fever at the same time. As registration is difficult in Russia, the total number of cases is probably much greater, as in the villages and country districts numerous persons must have escaped observation. The epidemic was universal, and practically no town or village in Russia escaped the infection. An unfortunate feature of the epidemic was the high mortality of doctors; about 50 per cent of doctors in attendance on patients in hospitals actually succumbed to the disease. The effect of the shortage of doctors so produced has been lamentable, and at the time when Astrakhan was visited there was only one doctor for the whole of the area of the Astrakhan Government outside of the town itself. Typhus in Astrakhan Government had actually killed 14 per cent of the total number of doctors in the Provinces.

The measures taken against the spread of typhus—the great distributing agents of which are the railway lines—has been the controlling of traffic and the establishment of control stations at fixed points on the line and at important junctions. A sanitary campaign, in which women have been largely enlisted, has been carried out in many towns and villages. Severe measures are taken against culpably dirty people, and baths are called “Dr. Semasko's extraordinary commission.” The effect of this campaign is shown in the figures for typhus cases of all-Russia (including Siberia) for the present year, which are as follows:

| | Civilians. |
|----------------|------------|
| February ----- | 389, 859 |
| March ----- | 313, 624 |
| April ----- | 158, 308 |
| | Army. |
| January ----- | 66, 113 |
| February ----- | 75, 978 |
| March ----- | 57, 251 |
| April ----- | 16, 505 |

The rise of army cases in February, 1920, coincides with the retreat of Denikin and reinflection from his troops. But great as the efforts of the medical staff have been, even elementary disinfection has, as a rule, been impossible. In hospitals visited in Moscow, and in towns and villages on the Volga there was no soap available for washing floors or bedding or patients' clothing. The only disinfectant available in most cases was formalin, and that only in small quantities. As a rule, it was impossible to do more than tidy and sweep hospitals and wash them with water without soap. Some hospitals visited were as clean as could be expected, others were dirty, and even dangerously dirty. Home disinfection of the houses from which infectious cases were brought was impossible as a rule, and was only attempted in Petrograd (the sanitary brigade for disinfection work is here under the command of Dr. Haffkine) and Moscow; in the country towns and villages it was not carried out. Nor was it possible to disinfect the clothing of the patients themselves. In 1918 there was also a cholera epidemic reaching the figure of 35,619 cases, and on June 14, 1920, there were 100 cholera cases in Moscow, and the menace of a new epidemic. There were only a small number of cases in the summer of 1919. Smallpox exists in Russia very widely disseminated, and 81,851 cases were registered from November 1, 1918, to July, 1919. At the time of the visit of the delegation to Russia it was personally ascertained that there were cases in Petrograd, in Moscow, and in Astrakhan. Much vaccination was carried out.

A severe epidemic of Spanish influenza also swept over the country in 1918. What the total mortality from these diseases has been it is very difficult to estimate; but at the very lowest the mortality from typhus fever alone must amount to two or three hundred thousand. A large number of these deaths could have been prevented had it been possible to check the spread of the fever by cleanliness, by washing with soap, and by disinfection. Soap, however, is a commodity for which Russia is dependent on the outer world, as she is also for disinfectants. In the deprivation of these two prime necessities of public health the allied policy of the blockade stands condemned as the cause of many thousands of deaths.

When to the tale of typhus is added that of Spanish influenza, of cholera, of smallpox, and of other diseases, when it is realized that there are practically no drugs at all in Russia because of the blockade, that all hospital supplies are reduced to practically nothing, and that linen and blankets are lacking, the indictment of the blockade becomes blacker still. It should be realized that on the medical side of Russian life we are dealing with a question outside ordinary politics. Very few of the doctors are Communists, but they are Russians; they are as doctors professional humanitarians, they have worked to the utmost as their starved faces and haunted eyes tell plainly, but destroy lice and disease germs without soap and disinfectants they can not. And thousands of lives have been sacrificed for want of these elementary medical necessities.

EDUCATION.

The revolution in Russia has given a very great impetus to education, which had hardly begun in Russia before 1905, and which had progressed slowly up to 1917. The decrees on educational matters promulgated by the government make all education free up to university grade, and it is also contemplated

to supply free food and clothing to all young persons up to 16 years of age. A decree for the provision of maintenance up to 14 years of age was issued from the commissariat of education in July, 1919, and the decree extending the period to 16 at a later date. Progress has already been made in carrying the decrees into effect, and the Russian educational authorities estimate that 25 per cent of the child population are now in receipt of a normal education of the elementary type. This is probably an overestimate, as in some places visited accommodation for only 10 per cent of the children existed; and also there is no method of insuring compulsory attendance as in England, and children who do not wish to attend simply remain away. In some of the villages any education is of a very primitive description and confined to the winter months and to children between 8 and 13. It is estimated that 15 per cent or 20 per cent of the children are receiving some form of effective elementary education. The difficulties are those familiar to educationists in this country—(a) want of teachers; (b) want of buildings suitable for school premises; (c) want of school furniture and of paper, pencils, books, and school apparatus.

Great efforts are being made, however, to meet these deficiencies. Special six-months' courses of training have been established for teachers; buildings taken over from the bourgeoisie are being adapted for schools, and arrangements are being made for import of necessary articles of furniture and equipment for school work. A campaign is being waged for the abolition of illiteracy; adult schools of an elementary nature for both men and women, and evening schools, are being created in increasing numbers. Special classes have been established in connection with the universities known as the "Workers' Faculty," with a view to preparing working men and women for university study.

But in the matter of provision of food for children, the Russian education authorities have been more successful. In the villages this provision is not required, but in the towns there are special "children's restaurants" in addition to the arrangements for feeding at the schools. There is no doubt that as a result of these arrangements the feeding of children is on a more satisfactory basis than that of adults.

The delegation visited schools in Petrograd, Moscow, and in towns and villages on the Volga and found everywhere signs of the same general policy.

The Russian educational authorities are creating a large amount of boarding-school and open-air colony accommodation for children of school age, and a large number of crèches and kindergartens for children below school age. For the purposes of these schools expropriated houses in the towns and in the country are being used. Members of the delegation visited delightfully-situated schools in Petrograd and Moscow, and found that the children were being well and carefully looked after. Some of the schools were very well fitted up; others were more primitive. A small theater was a usual feature of all schools, as the educational authorities lay great stress on dancing, singing, and artistic self-expression. Children from the towns are transferred in large numbers to the country for the summer to special "summer colonies," and several of these were visited, one on the banks of the Moskva River, in an aforesaid grand-ducal palace, was a very charming holiday home. The Soviet authorities estimate that they provide accommodation for 2,000,000 children in their boarding establishments and colonies.

An interesting feature of the schools was the attempt which is being made to link up ordinary education with the spirit of the workshop. The danger of education divorcing children from the proletarian atmosphere of factory and workshop life is being guarded against by special arrangements of the curriculum, to base it upon various forms of manual work. Religion is not allowed to be taught in the schools, nor are teachers allowed to take children to church, but there is no religious persecution, teachers and children individually are free to go to church if they wish. It is significant in this connection that in April permission was granted to the authorities of the Mosque at Petrograd to commence the chanting of the Muezzins call to prayer, which had been up to that time forbidden. Icons and religious observances are noticed in schools, offices, and private houses, very widely spread. Lessons on socialism are given in the schools, and communism is taught definitely. Photographs of Karl Marx, Lenin, Trotsky, Lunacharsky, and others are frequently to be seen in the schools, as also revolutionary mottoes.

In the schools visited by members of the delegation the children were free and happy, and many evidences were seen of the marked natural artistic ability which seems to be one of the characteristics of the Russian people. The extension of the educational system to all Russian children, which will become

possible as teachers, buildings and books and apparatus become available, will produce the greatest changes in a population spreading from the Baltic Sea to the east of Lake Balkal in Siberia, and from the Arctic Ocean to the Black Sea. Help in this great educational task is a form of service Russia may well accept from western Europe and America, and one which helps to unite them in a real internationalism.

CONCLUSION.

Such, as far as we have been able to ascertain them, are the facts in broad outline. Various questions of great importance naturally suggest themselves—e. g., whether the various measures taken by the Communist Party have or have not been necessary; whether the same results could have been brought about by milder means; whether any more democratic form of Government could not be established; and lastly, whether the Russian revolution ought to serve as a model to other countries, and if so, in what respect. These are questions on which opinions differ widely, and we do not propose to deal with them. We only desire to point out, as essential to the understanding of the Russian revolution, the extraordinary conditions under which it has been and is being carried through.

Russia is a vast country, potentially rich, but economically in a backward state. Her people consisted, before the revolution, of peasant owners (the vast majority), a town proletariat, a small bourgeoisie, and a still smaller class of large capitalists, sharply distinguished from the rest of the population. Russian party strife has been marked by its extreme violence. The present leaders are men who have suffered every kind of oppression, and have been accustomed for years to take their lives in their hands.

With such conditions and such a history, Russia has been plunged into no less than six years of continuous and still continuing warfare. She has been blockaded and her communications with the outside world cut off. She has been invaded by foreign troops on all sides. More important still, the most desperate efforts have been made to foster conspiracy and civil war on her territory.

The economic collapse and the measures for the restriction of liberty are due at least as much to these causes—and the general exhaustion, suspicion, and despair which they would have produced in any case—as to the tumults and mutual hatreds to which the revolution itself has given rise.

Whether under such conditions Russia could be governed in a different way—whether, in particular, the ordinary processes of democracy could be expected to work—is a question on which we do not feel ourselves competent to pronounce. All we know is that no practical alternative, except a virtual return to autocracy, has been suggested to us; that a “strong” government is the only type of government which Russia has yet known; that the opponents of the soviet government when they were in power in 1917 exercised repression against the communists.

Such are the conditions and peculiarities, the heated and revolutionary atmosphere, which must be taken into account in any criticism of the Russian revolution, and still more in any attempt to apply its lessons to other countries.

The Russian revolution has not had a fair chance. We can not say whether, in normal conditions, this particular socialist experiment would have been a success or a failure. The conditions have been such as would have rendered the task of social transformation extraordinarily difficult, whoever had attempted it and whatever had been the means adopted. We can not forget that the responsibility for these conditions resulting from foreign interference rests not upon the revolutionaries of Russia, but upon the capitalist governments of other countries, including our own.

BEN TURNER, *Chairman of Delegation,*
the Labor Party.

MARGARET BONDFIELD,
A. A. PURCELL,
H. SKINNER,

Trades-Union Congress.

ETHEL SNOWDEN,
TOM SHAW,
ROBERT WILLIAMS,

The Labor Party.

CHAS. BODEN BUXTON,
L. HADEN GUEST,

Joint Secretaries.

The report has been submitted to and also indorsed by Mr. R. C. Wallhead and Mr. Clifford Allen, who formed an independent delegation to Russia on behalf of the Independent Labor Party.

LONDON, *July, 1920.*

FIRST INTERIM REPORT.

We have been profoundly impressed by the effects of the policy of intervention and blockade upon the Russian people. This policy has been pursued by various foreign Governments since 1918, and under various forms, direct and indirect, it is still being pursued to-day. It is at the root of the worst evils which are afflicting Russia at the present time.

While the stoppage of exports from Russia is injurious to the world outside, the stoppage of imports is disastrous to the interior economy of Russia herself.

The problem of food exceeds all others in immediate importance. We are appalled by the conditions of virtual famine under which the whole urban population, the manual and the intellectual workers alike, are living.

A particularly serious effect of the blockade policy has been the cutting off of soap and of medical supplies. Epidemics of typhus fever and of recurrent fever have swept over the whole country. It is true that a great and efficient sanitary organization has been created by the commissariat of public health. The movement on railway lines is controlled by regulation, and the provision of numerous observation, diagnosis, and disinfection stations. Every train in Siberia and European Russia has to be provided with a special coach for the use of suspicious or actual cases of illness. Large numbers of hospitals have been created both in Siberia and Russia. A great sanitary propaganda has been carried out through soviets and trade-unions, in both towns and villages, and these epidemics are now controlled. In addition, compulsory vaccination has been carried out over the whole area of Siberia and European Russia for the first time.

But despite this organization the fact that the blockade has cut off soap and disinfectants has been responsible for the loss of thousands of lives by infectious disease.

Russia is a rich country agriculturally, but the peasant can not supply food to the towns except in exchange for manufactured articles. The stoppage of imports makes it impossible for these articles to be manufactured in the towns, or obtained as finished goods from abroad. The situation is rendered still more disastrous by the partial breakdown of transport, the direct result of the attacks from without, and the fermenting of civil war on Russian territory.

A partial respite was allowed to Russia after the defeat of the armies of Koltchak, Denikin, and Yudenich. Advantage was immediately taken of this respite to inaugurate a great effort toward economic reconstruction, backed by a far-reaching and well-conceived educational campaign. The national energy was largely diverted from military operations to the improvement of the means of transport, the manufacture of articles for peaceful purposes, and the restoration of sanitary conditions. Perhaps the worst disservice rendered to Russia by the recent renewal of hostilities on the Polish front has been the forcing back of the Russian people, against their will, from the paths of peace into the paths of war. We ourselves have witnessed scores of examples of this baneful process.

The appeal for creative work is being once more set aside in favor of the appeal to military enthusiasm, while war conditions provide new pretexts for restricting individual liberty and preventing freedom of discussion. These conditions can not be changed while war continues.

One effect of the present crisis has been to rally practically all parties to the support of the government for the purposes of national defense—whatever their differences on questions of internal politics. This demonstrates the utility of supposing that communist principles, whether they be good or bad, can be destroyed by hostile pressure from abroad. Such pressure only increases the stability of the government so far as internal politics are concerned.

In view of the above facts, we wish to register our unanimous and whole-hearted protest against the policy whose effects we have described—a policy as foolish as it is inhuman. Russia's supreme needs are immediate peace and free intercourse with the outside world. We recommend that the entire British labor movement should demand the removal of the last vestige of blockade and intervention, and the complete destruction of the barrier which imperialistic statesmen have erected between our own people and our brothers and sisters of Russia.

As a first step to attaining these objects, the present Russian government should be unconditionally recognized. It has shown its stability by resisting

for two and a half years the many efforts made to destroy it. It has repeatedly shown its will to peace. We can ourselves bear witness to the fact that it has made vigorous efforts to carry on the work of economic reconstruction.

We do not think it necessary to deal in detail with the argument that the Russian government can not be recognized, and peace can never be made with it because some of its actions are disapproved of by other governments. In our opinion this is a question for Russia herself, and not for any foreign government.

The British labor delegation to Russia, having met to prepare their report, wish to declare at once on the urgent necessity of an immediate peace with the Russian Socialist Federated Soviet Republic.

During their stay of about six weeks in Russia the delegation visited Petrograd, Moscow, Smolensk, and the Polish front, and numerous towns and villages on the Volga from Nijni-Novgorod to Astrakhan. The marks of the cruel blockade and of war were visible everywhere. In the villages, while food was fairly satisfactory, there was a great lack of clothes, boots, household utensils, agricultural implements, and machinery. In the towns food was dangerously scarce and the power of work of many workers in the industrial regions was greatly reduced, owing to their obviously miserable physical condition. The transport which should have been bringing food from the country to the towns was taking food, munitions, and men to the front. The locomotives, which might have been working, stood idle on the rails for want of spare parts for their repair, which the blockade had not allowed to enter Russia. The workshops, which should have been making tools, agricultural machinery, and productive machinery, were making guns, bombs, and tanks.

In 1918-19 there were over a million cases of typhus fever and no town or village in Russia or Siberia escaped infection. In addition, there have been other epidemics of cholera, of Spanish influenza, and of smallpox. The soap, the disinfectants, and the medicines needed for the treatment of these diseases have been kept out of Russia by the blockade. Two or three hundred thousand of Russians died of typhus alone. One-half of the doctors attending on typhus died at their posts.

Ringed round from the world by a blockade of all the powerful nations of the earth, attacked by enemies from without and menaced by the fear of counter-revolution from within, is it wonderful that the revolutionary government, which has maintained any kind of an order and discipline amongst its peoples in such a period, has rallied to its support practically the whole Russian nation? Russian national patriotism is now a burning sentiment which animates alike the hearts of revolutionary industrial workers, officers of the old régime, and of members of socialist parties bitterly opposed to the methods and policy of the Bolsheviks. The motto of Russia is becoming rapidly "No hand, no voice, must be raised against our country in her extremity." It is on this sentiment that the power of the Bolsheviks rest. It is on this sentiment that they have built up a great army.

Members of the delegation have been present at great naval and military parades in Moscow and Petrograd, and have seen displays of the premilitary preparation of young people—many thousands from 16 to 18. They have seen, too, the military preparation as girl guides and boy scouts of the school children of 14 to 16. The organization of the army at the front and in the areas of training in the rear has been studied by the delegation, and they are profoundly impressed by the greatness of the effort which Russia has successfully made in the face of great obstacles and by the danger which this militarization of Russia may mean for western Europe, unless we hold out now the real hand of friendship and make real peace. Peace is needed not only for Russia, but for all Europe. There is only one kind of militarism in all the world, and that is a danger to all civilization. The blockade and intervention are turning a naturally friendly people into bitter enemies.

Peace now and at once—that is the great need of Russia and of the world, and in the name of the humanity of the world, we call upon our nation to insist that peace be made now and Europe be allowed to turn from the terrible specters of war, famine, and disease to a rebuilding of its homes and a reshaping of its shattered civilization.

Russia can give much to us from her natural resources, and Russia needs much from us. To pursue a policy of blockade and intervention is madness and criminal folly which can only end in European disaster.

LONDON, July 7, 1920.

Senator FRANCE. Have you put your prepared statement in the record?

Mr. HEALY. No.

Senator FRANCE. Mr. Chairman, if it would meet with the pleasure of the committee, I think it would be helpful to have Mr. Healy's formal statement put in the record.

The CHAIRMAN. If there is no objection, it may go in.

(The statement prepared by Mr. Healy is here printed in full, as follows:)

STATEMENT MADE BY TIMOTHY HEALY, PRESIDENT OF THE BROTHERHOOD OF FIREMEN AND OILERS, AND CHAIRMAN OF AMERICAN LABOR ALLIANCE FOR TRADE WITH RUSSIA.

At the convention of the American Federation of Labor held in Montreal last June, I was elected as a fraternal delegate to attend the British Trades Union Congress held in September. A report of the delegation sent to Russia in April by the British Trades Unions and the Labor Party was submitted to this Congress.

One of the most interesting things to me was the information about Russia which the workers of England all seemed to have. There was hardly a working man in England of any intelligence who did not know something about conditions prevailing in Russia to-day, which is different from the situation prevailing in this country. Perhaps the interest exhibited by the English workers way back in September was because the wave of unemployment struck them first. In Liverpool, I found at that time that 60,000 dock workers who were formerly employed full time, were then on their jobs only two or three days a week. The paper-mill workers' representative told me that half the paper mills in England were shut down. Over 1,000 ships were lying idle in the harbors of England and labor felt that these ships could be used to carry commodities to Russia which the Russian people needed so much.

A similar sentiment prevails in Ireland, according to a report prepared by the Irish Labor Party and Trades Union Congress in 1919.

When I returned to New York I found that a group of labor representatives and civic-minded citizens had started a movement to get an expression from organized labor on the question of Russian trade. I was asked to join this committee and was glad to do so.

On November 21, 1920, shortly after my return to the United States, a conference of delegates from labor unions of New York City was held and the American Labor Alliance for Trade Relations with Russia was formed. Over 100 labor unions of New York were represented at this conference, and a resolution demanding trade with Russia and another resolution calling on labor throughout the country to voice its opinion on this matter was passed unanimously. The American Labor Alliance communicated with labor organizations in the most important and largest cities requesting them to express their opinion on the matter of the resumption of trade with Russia.

Resolutions and letters have been received from organizations representing over 2,000,000 workers protesting further interference in Russian politics, demanding the resumption of trade with Russia in the belief that this trade would greatly relieve our markets of a surplus of commodities and open new markets, thereby relieving the steadily growing unemployment in this country, which has already, according to our Department of Labor report published this morning, reached 3,473,466. The most important of the organizations that have responded are the Central Trades and Labor Council of New York City, representing 600,000 workers; the Chicago Federation of Labor, 400,000; the Seattle Central Labor Council, 60,000; the International Ladies' Garment Workers, 175,000; the Amalgamated Clothing Workers of America, 175,000; the Pennsylvania State Federation of Labor, 400,000; and at least 500,000 more from other parts of the country.

Workers from all other parts of the country have passed resolutions calling for resumption of trade and setting forth the unemployment conditions of their own localities. The Central Labor bodies of Boston, Salem, Mass.; Philadelphia, Pittsburgh, Washington, D. C.; Charleston, S. C.; Richmond, Va.; Wilmington, Del.; Schenectady, N. Y.; Hartford and Bridgeport, Conn.; Denver, Cincinnati, Omaha, Ogden, Utah; Terre Haute, Ind.; and Tacoma, Wash.; are among the list of labor organizations asking for trade.

I have finished a trip that has taken me through the Eastern States and much of the Middle West, and can speak from my own observation about the labor conditions in those sections of the country and also of the attitude of labor on the Russian question. Every meeting I attended, where the Russian question was brought up, great enthusiasm was shown for trade with Russia. Workers in large numbers were suffering greatly from unemployment and they realized that if trade with Russia were resumed this unemployment would be greatly alleviated. I visited Boston, Manchester, N. H.; Philadelphia, Pittsburgh, Chicago; Clinton, Cedar Rapids, Carroll, Brooklyn, Matumah, Council Bluffs, Iowa; Missouri Valley, Boone and Omaha, Nebr., and many other cities. I found that many industries were shutting down, in some instances permanently and in others for a few weeks, when they will reopen with an offer to the workers of greatly reduced wages and longer hours.

In Philadelphia I found the greatest amount of unemployment in the knitting and hosiery industries. In Pittsburgh the iron, steel, and coal industries have been hardest hit. In Chicago, Boston, Omaha, almost every industry—building trades, glass, chemicals, clothing, brick, cement, rubber, pottery, leather, shoes—have been affected.

According to the New York Globe of January 21 Toledo has started a free bread line for her unemployed. John R. Crowell, City Emergency Labor Commissioner, states that "at least 10,000 persons in Toledo are mighty close to the starving line." The New York Times of January 22 says that Detroit has to appropriate \$250,000 to relieve the suffering of her 160,000 unemployed. Since the report of the labor department was compiled, from which I will quote later, the freight crews of the Pennsylvania lines over the Toledo and Mansfield divisions have been reduced 25 per cent and all clerks have been put on a five day week.

According to the New York State Industrial Commission for the month of December, unemployment in New York State is steadily increasing. Since last March, employment in New York has decreased 20 per cent. Decreases in employment appear in every branch of manufacturing, with the exception of three minor industries, and particularly in the knit goods, men's clothing and furnishings complete shutdowns have taken place. There has been great depression in the brass, copper, and steel industries, cotton and woolen knit goods and clothing industries of all kinds. Decreases show in instruments and appliances, in machinery and electrical goods, railway equipment, oil products, boots and shoes, printing, and bakery products.

In view of these hardships that labor is suffering throughout the United States; in view of the fact that the United States' policy in the past has always been to leave every country to its own salvation; in view of the fact that the United States did not deem it advisable to interfere with the most tyrannical Government of the Czar, we feel that our Government's policy should be to allow resumption of trade with Russia immediately. According to Washington B. Vanderlip, who has recently returned from Russia with contracts for a vast amount of commodities for which the Russian Government proposes to pay in gold, platinum, furs, hides, timber, pulp wood, ores of various kinds, manganese, oil, and oil products, Russia is ready to purchase the following materials:

Fifty thousand tons leather; 125,000 tons hemp and flax manufactures; 500,000,000 tins condensed milk; 500,000,000 tins meat and other conserves; 35,000 tons resins; 10,000 tons copra; 10,000 tons joiners', turners', and precision work; 60,000 tons salt peter; 20,000 tons chemical products and materials; 160,000 tons tanning material; 60,000 tons dyes and other dyeing materials; 5,000 sets automatic block system; 1,000 grain-storing elevators; 10,000 cold-storage plants; 250 dredges for gold mining; 1,000 excavators, railroad; 250 dredges; 1,000 power-house installations (hydraulic and other); 100,000 tons tool steel; 50,000 typewriters; 50,000 weighing scales and measures; 270,000 tons cotton; 6,000,000 tons coal; 25,000,000 pairs footwear; 5,000 locomotives; 50,000 box cars; 2,000,000 tons rails and rail fixtures; 2,100 gasoline steam tractors; 1,000,000 agricultural machines; 1,500 gasoline tractors; 2,000 linotype machines; 2,000 lathes; 500 steam boilers; 300 water turbines; 350 narrow-gauge locomotives; 50 generators (from 2,000 to 10,000 kilowatt); 35 gasometers; 10,000 auto trucks and cars; 50,000 electric motors and dynamos; 7,000,000 tools (various); 300,000 tons metal (lead, tin, babbitt, antimony, etc.); 75,000 tons rubber; 30,000 tons binder twine; 25,000 tons cocoa and coffee; 100 excavators; 500 steam engines; 100 ocean-going steamers (10,000 tons and over); 2,000

river steamers, motor boats, launches; 500 electric locomotives; 10,000 aeroplanes; 2,500 passenger cars; 5,000 tramway cars; 50,000 tons axles and tires; 5,000 sets pumps and accessories; 30,000 sets telegraph and telephone apparatus.

Representatives of the American Labor Alliance were informed that the only hindrance to his filling Russian orders with American made materials is the fact that our Treasury Department has refused to negotiate Russian gold. He also repeated that the newspapers have already informed us that England has been negotiating with Russia for trade for several months and that if America will not fill these orders, England will. That will mean months of suffering, deprivation and perhaps starvation for millions of American men, women and children.

Before these other labor representatives take up their arguments I would again refer you to the report issued this morning by the Department of Labor. According to that report, textiles and textile products, clothing, hosiery and underwear show a reduction of 35½ per cent in employment; leather and its products, boots and shoes, show a drop of 35 per cent; lumber, house furnishings, boxes and wood products, 32 per cent; metals and products, machinery, electric goods, foundry products, 30½ per cent; packing and food products, 19 per cent.

I want to repeat again that labor is interested in the resumption of trade with Russia principally because we hope in that way to alleviate the trying weeks and months which we are now facing.

I wish to present a resolution which was adopted at a conference of representatives of the Labor Unions of Greater New York when the American Labor Alliance for Trade Relations with Russia was formed which resolution has received the endorsement of over 2,000,000 workers.

The CHAIRMAN. Now, Senator France, who else have you?

Senator FRANCE. Capt. Maher, of the Masters', Mates', and Pilots' Association of New York, which is one of the bodies affiliated with the American Federation of Labor.

STATEMENT OF MR. WILLIAM A. MAHER, OF THE MASTERS', MATES', AND PILOTS' ASSOCIATION OF NEW YORK.

The CHAIRMAN. State your full name for the record.

Mr. MAHER. William A. Maher. My address is 116 Broad street, New York city.

Mr. Chairman and gentlemen of the committee, I am here as a member of the committee of the American Labor Alliance for Trade Relations with Russia. This committee, as the former speaker told you, has been organized by members and representatives of the trade-union movement in New York and throughout the country. We are here principally to get trade with Russia opened, for the reason that we believe it will give employment to many of our fellow-workers who are now out of employment.

In the particular craft that I represent there are at this time considerable ships laid up, a large number of ships laid up, crews walking the streets. We attempted, through our Shipping Board and other agencies, to build up an American merchant marine; and I think the time is now opportune, if trade relations with Russia can be resumed, to further strengthen the American merchant marine, and to give employment to the thousands of our members who are now out of employment. There does not seem to be any relief in sight for the large number of men that are out of work.

The CHAIRMAN. What prevents an American citizen from trading with a Russian citizen?

Mr. MAHER. I do not know. I am not well enough versed on international law to know what is necessary to be done in order to open up trade relations with Russia, but from the information I have received I feel that there is a large amount of American goods wanted

in Russia. I know it is going to take a large number of ships to get those goods to Russia, and from that point I am interested.

The CHAIRMAN. Is our Government stopping it?

Mr. MAHER. I believe it is.

The CHAIRMAN. How?

Mr. MAHER. I believe our Government is stopping it because there is no way that the manufacturers or shipowners or merchants can go in and do business with the Russian people.

The CHAIRMAN. What is stopping them? What is preventing them?

Mr. MAHER. Well, I do not know. As I stated before, I am not well enough versed in all that.

Senator FRANCE. Mr. Chairman, that question has been asked a number of times; and for the information of the committee I will say that the reason why trade can not now go on with Russia is this: The mints of the United States have declined to mint Russian gold which has been brought here in the shape of gold bullion to be used in payment for American goods. Consequently, trade can not go on, because the method of payment with gold is not possible. That gold, however, is being taken by London, and is being used in settlement for sales made in England to Russia.

Senator KNOX. What gold have you reference to—the gold of the soviet government?

Senator FRANCE. Mr. Chairman, this gold is gold which was in the imperial Russian treasury at the beginning of the war. It is estimated that that gold was in amount somewhere between \$750,000,000 and \$1,300,000,000; we can not know exactly the amount of gold, but it was the Russian Government gold which was in the imperial treasury.

Senator KNOX. My information is that the total value of the gold and platinum which constitutes the Russian soviet government reserve is only about five hundred millions, and they stole one hundred and twenty millions of that from Roumania.

Senator FRANCE. Mr. Chairman, I think the Senator is approximately right in saying that the amount of Russian gold now available is about \$500,000,000. That is the amount which we assume is now in the Russian treasury. I think, however, the Senator is mistaken if he includes in that platinum.

Senator KNOX. That is my information.

Senator FRANCE. I think the supplies of platinum are quite separate from that; but I wish to make this statement to show that there is a real obstacle still remaining in the way of trade with Russia, an obstacle which has been removed by the British Government, as they are very eager to take Russian gold and have been taking it for some time. That, however, takes us into another question which I do not wish to discuss here; but I did not wish it to appear that these witnesses were coming here to urge trade with Russia needlessly. There are governmental obstacles of many kinds—I have mentioned one—in the way of the opening up of trade.

Senator BRANDEGEE. Your resolution, in the first paragraph of advice to the President, provides that he shall be requested to raise the existing embargo. Is there any embargo existing except as to war materials?

Senator FRANCE. Mr. Chairman, I will say in that connection that this resolution is a year old. There was at that time an embargo.

Senator BRANDEGEE. Oh, well, it does not speak of the present time?

Senator FRANCE. That embargo was raised by the State Department in July of last year, so this resolution is out of date.

Senator KNOX. Is it not a fact that under the regulations that have been promulgated by our Government, any American citizen is at liberty to deal with any Russian citizen?

Senator FRANCE. The embargo was lifted in July. Then there was another obstacle—the ruling of the Treasury Department with reference to the Federal reserve banks. That ruling was changed in December, and it was then thought that trade would start. I did not start, because the only method by which trade could take place under the peculiar circumstances was by a cash transaction, and that cash transaction was made impossible by the ruling with reference to the minting of the Russian gold.

I really did not intend to testify to-day myself, although I have a considerable amount of information on this subject, because I wish to have to-day the question as to the desirability and the importance of opening up trade presented from the standpoint of the American workingmen and from the standpoint of the American business men.

Senator BRANDEGEE. Do you not think everybody admits that it would be desirable to have a great trade between the United States and Russia in the way of exchange of goods if it could be done?

Senator FRANCE. No; I do not think so, Senator

Senator BRANDEGEE. I cordially agree to that without hearing a single witness. I should like to see our goods going to Russia and Russia's goods coming to us in great volume.

Senator FRANCE. The Senator's judgment is always good, but unfortunately even all Senators have not as good judgment as the Senator from Connecticut.

Senator BRANDEGEE. I think everybody would like to see the exchange of goods, but I do not think they are unanimously in favor of our Government guaranteeing the payment for them or recognizing the soviet government of Russia.

Senator FRANCE. I will say, as far as the proponent of this resolution is concerned, that he does not occupy that position, and I am sure the representatives of American labor are not contending to-day for either of those propositions. They would not care to see the Government guaranteeing transactions, because the burden would fall ultimately upon labor, nor are they contending to-day for the recognition of any government in Russia. They are merely presenting the question from the standpoint of American labor, and in particular consideration of the unemployment which exists.

Senator KNOX. Would not the burden fall upon labor if we were to sell Russia what the last witness described as hundreds and hundreds of millions of dollars' worth of goods, if they did not pay for them?

Senator FRANCE. Ultimately. We have sold since April, 1919, \$3,700,000,000 of goods to Europe, paper for the payment of which is now being carried by our banks.

Senator KNOX. Do you want us to keep that up?

Senator FRANCE. I think personally that is undesirable.

Senator KNOX. Do you want us to increase that amount?

Senator FRANCE. I should prefer to trade with Russia and receive in payment the Russian gold than to receive the promissory notes of the other nations of Europe.

Senator KNOX. But the entire Russian reserve, as you say now, amounts to only five-hundred millions. That would be a drop in the bucket compared with the demand.

The CHAIRMAN. That is hardly more than our trade with Germany alone.

Senator FRANCE. I realize the force of that. I do not wish to take the time of the committee to discuss these questions.

The CHAIRMAN. That gold is all in the hands of the Soviet Government, is it not?

Senator FRANCE. It is, Mr. Chairman, the position being simply this: The de facto Government simply took over the gold in the imperial treasury; and the question is whether, in the case of such an emergency as exists in Russia, it is not proper for any committee of Russians, for any de facto government or for any men in power, to use that money in an emergency for the purchase for the Russian people of those things which they desperately need for the maintenance of their civilization there, just as we went to the Argentine during the war to buy sugar for our people when there was a threatened famine of sugar.

Senator BRANDEGEE. Before you take your seat, Senator, will you let me ask you this question? You state that the Treasury Department, by ruling, has refused to mint this Russian gold?

Senator FRANCE. Yes, sir.

Senator BRANDEGEE. What reason do they give for their action? Do you know?

Senator FRANCE. Mr. Senator, the reason given is simply this: They say that the title to this gold can not be made clear. Well, of course, if that were a proper reason for refusing the minting of gold, no gold would be minted in the United States mints. For instance, here comes a miner from Seattle with a bag full of gold nuggets, taking it to the mint in Philadelphia. It was my understanding that that miner was entitled to have his gold minted by that mint.

Senator KNOX. Suppose there were a dozen witnesses coming in the same train to show that he had robbed a bank and stolen the gold?

Senator FRANCE. Well, Senator, that raises an important question. Under those circumstances, perhaps the mint would refuse to mint the gold; but in an ordinary transaction must the mint search the title to that gold, including searching the title to the mine?

Senator KNOX. No; but if the gold comes earmarked with theft, the Government would be bound to take notice of it, and it would be doing a very immoral act to act as a sort of a fence for the thief by admitting the gold and turning it out in such a way that the thief could circulate it without its being identified.

Senator FRANCE. But, Senator, this gold which is available for minting from Russia is not earmarked with theft. It is gold which was in the imperial treasury. I think a fair consideration of all the facts will indicate that any committee of Russians having control of the gold which belongs to the Russian people would in an emergency like this have the right to use that gold to buy the necessities

so greatly needed there. The fact, however, that we have not looked into this question and entertain this view, and that the British have most carefully looked into the question and entertain directly the opposite view, and that they are very eager to take this gold, and are taking it, I will say to the Senator—

Senator KNOX. That is, they are taking it now; but their original position was, and they so notified the Russian Government, that they would not recognize the title to any British gold. Now, in this recent agreement that was published only yesterday, they only agree to take gold that they have stolen from the nationals of other governments, but they still say that they will not take gold that has been stolen from British citizens in Russia. That is the text of the agreement. I read it just a few minutes ago.

Senator PITTMAN. Senator France, does it not come down to this question: That this gold that is in the imperial treasury is legally in the possession of the soviet Government if we recognize the soviet Government as a legal Government or a de facto Government, and if we do not recognize it as a legal or de facto Government it is unlawfully in the hands of those people? In other words, we have got to recognize the Government, or we recognize that the money is unlawfully in their possession.

Senator FRANCE. No; Senator, that is not the situation. Mr. Chairman, I should be very glad to discuss this whole question, but I fear that it will disarrange all of our plans to-day if I go ahead and discuss it.

The CHAIRMAN. Go on, Senator. The hearing is upon your resolution. We shall be glad if you will call your witnesses as rapidly as possible. The time is limited.

Senator FRANCE. I wish I might discuss this whole question, and I shall very shortly discuss it in the Senate.

Senator BRANDEGEE. The Senator can probably be heard at some other time, but all these witnesses can only be heard to-day.

Senator FRANCE. That is my thought.

Senator BRANDEGEE. And if we ask any witness any question and he says he does not know, that ends it. We do not care to pursue the matter.

Senator FRANCE. Of course, Mr. Chairman, I think it is only fair to the witnesses to recognize the fact that they are very busy men who have been engaged in their particular problems, and that it is hardly fair to expect them to give answers as to the impediments which exist to trade, and as to the various complicated questions which are involved.

Senator KNOX. Is it not fair to them to make certain suggestions that are necessarily involved in their positions, with a view to seeing if that would have any effect upon their opinions? Do you not think that is fair?

Senator FRANCE. Yes, Senator. I was not criticizing the members of the committee at all. I do not wish to seem to be.

The CHAIRMAN. If you have any further witnesses, Senator, that you want to call, we shall be glad to have you call them.

Mr. MAHER. I just want to add this, Mr. Chairman: As Senator France has told you, we are not possibly as well versed on how to solve this problem as the members of this committee. I believe they

are better versed and better able to do that. We are interested in two outstanding facts. One is that the American workman is to-day out of a job, and we, as the representatives of the American workman, are interested in doing everything we can to find him a job. The other is that the same kind of workman in Russia, who possibly have nothing to do with the form of government that they are living under—whether or not they have I am not prepared to say; I am not prepared to go into that phase of the question—but we know that the working man in Russia needs certain clothes and shoes and materials to continue to keep him employed, in order that his family may live, and we know that there is suffering there because of the lack of medical supplies and other things that this country is in a position to furnish and the American workman is in a position to make. We know that those things are necessary for Russia; and in conclusion let me again state that those are the two principal reasons why I am here to-day.

Senator FRANCE. The next witness is Mr. Joseph Schlossberg, secretary-treasurer of the Amalgamated Clothing Workers of America.

STATEMENT OF MR. JOSEPH SCHLOSSBERG, SECRETARY-TREASURER OF THE AMALGAMATED CLOTHING WORKERS OF AMERICA.

The CHAIRMAN. Give your full name and address for the record.

Mr. SCHLOSSBERG. Joseph Schlossberg, 31 Union Square, New York.

Resumption of trade with Russia is dictated not only by grave considerations of humanity but also by elements in the industrial situation in the United States at the present time. The present state of industrial activity in this country needs no further emphasis here. The reasons for this industrial depression in the midst of which we now find ourselves are many. But from the signing of the armistice to the present time, business men and professional economists have been one in the opinion that a breakdown in American industry could be avoided by maintaining open and vigorous trade connections with the countries of Central and Eastern Europe. Concrete plans were in fact made by American business organizations to participate in this trade as soon as the political questions involved in the Treaty of Peace were settled. Many of these plans were not put into effect because Europe could not pay. From this angle, trade between the United States and Russia has and still does carry all of the benefits and none of the drawbacks which trade with Europe generally is conceded to involve. Russia alone in Europe can pay—in gold, in goods, and in virgin and unimpaired resources. All testimony shows that her 150,000,000 need help. Any they need it regardless of creed, political affiliation, or economic status. But, in addition to this, we are now in this country passing through a period of industrial collapse. In Russia there exists an immense and empty reservoir. Trade with Russia will be the signal for revival in those industries that could supply her needs and with the increase of employment and the payment of wages in these industries, employment and business activity would spread to others. That the conditions in this country are now such as to dictate immediate action is altogether clear.

Some idea of the amount of unemployment in the United States may be gathered from the report of the Bureau of Labor Statistics, released for publication January 18, giving a comparison of the number of persons employed by certain establishments reporting in both December, 1920, and December, 1919, in 14 important industries.

In these establishments reporting last month and a year ago, the number of workers in the woolen industry declined 52 per cent, hosiery and underwear 51 per cent, automobile 31 per cent, silk 23 per cent, leather 32 per cent, boots and shoes 31 per cent, cotton finishing 26 per cent, and cotton manufacturing 10 per cent. Since this report was made there has been a great curtailing of activity in the iron and steel industry. It was reported that now there are 180,000 workers unemployed in the Pittsburgh steel districts alone and there are indications of further shutdowns.

In the men's clothing industry, with which I am particularly familiar, the amount of unemployment is very serious. It was estimated that last month less than 20 per cent of the workers were employed full time and fully 50 to 60 per cent were entirely unemployed. Many of the workers have been unemployed since last spring and early summer. In periods of depression such as we are experiencing to-day, it is the industries manufacturing clothing, textiles, boots and shoes and other lines of apparel that are hit first. In the past, periods of industrial readjustment have been brought to a close by a revival in these industries manufacturing these consumers' goods. Renewal of activity in these industries usually brings on a resumption of operations in other industries manufacturing goods for producers.

Resumption of trade with Russia will bring a resumption of activity in the clothing, textile and other industries. It will do more—it will ultimately bring on a revival of activity in other industries.

In this connection I would like to point out that we have a great opportunity at this time to develop our foreign trade in men's clothing. Very little clothing manufactured in this country is now exported. Men's clothing can be manufactured in this country much cheaper than in any other country. The technique and expertness of our workers and the development of large scale machine production permits us to undersell all in the world markets. Our great capacity for the manufacture of clothing can be put to use in supplying Russia's great needs now and thus make a start for the future in the development of foreign trade in this important field.

We have a great opportunity now to help the 150,000,000 men, women, and children of Russia and help ourselves greatly in so doing.

The 200,000 members of the Amalgamated Clothing Workers of America urge an immediate favorable report on the passage of Senator France's resolution.

I wish to add to this that the papers to-day report the Government survey to the effect that the number of unemployed in this country has now increased to nearly 3,500,000, and there is no telling but that the number of unemployed might keep on increasing. The position the workers take, without entering into the intricacies of political problems connected with this situation, is that we have a tremendous market in Russia for many things that we usually pro-

duce, and that we want the Russia of to-day to have the same privileges for trade relations as the Russia of the Czar. That is the position taken by the wageworkers, to which they give very much attention particularly at this time on account of the great unemployment, and for this reason urge the passage of Senator France's resolution.

Senator PITTMAN. Mr. Schlossberg, I want to ask you a question, if you can answer it, which does not depend upon any political knowledge. I think every one agrees with you that the opening up of the markets not only of Russia but of Europe would be of great benefit not only to the labor but to the producers and everyone else in this country, and we are all trying to do it; but if it developed that the only way we could establish trade with Russia would be by recognizing the soviet, would you be in favor of that? Would labor be in favor of that?

Mr. SCHLOSSBERG. Labor is interested in getting the market, and labor wants the Government to work out a method by which this can be done.

Senator PITTMAN. Now then, if it transpired that the soviet government, in entering into any agreement with us with regard to trade, would deliberately tell us at the time that they reserved the right to violate that agreement at any time they saw fit, would you then be in favor of this Government entering into an agreement with the soviet under those conditions?

Mr. SCHLOSSBERG. Well, I do not feel myself capable at all of answering hypothetical questions. I do not know just what conditions might be made by the soviet government; but taking it simply as a possibility of opening relations with Russia, labor wants that done. If, when the Government takes up this problem, it finds that there are obstacles in the way which can not be overcome by us, that will be a matter to be dealt with when we reach it.

Senator PITTMAN. That is what we have got to deal with. Now, the question is, if the condition of trade is that we must enter into an agreement, which is a treaty, with the soviet, and at the time they propose to enter into that treaty or agreement with us—which is the same thing—they deliberately tell us: "We now enter into this solemn agreement, but we want you to know that we reserve the right to violate it any time we get ready to do so," would you propose that this Government should bind itself to certain obligations under those conditions?

Mr. SCHLOSSBERG. As a matter of agreement between two parties, I would not advise anyone, Governments or individuals, to enter into an agreement where one side specifically reserves the right to violate it; but the way we understand the situation there are ways of providing for payment for goods sold to Russia and which would not include the danger of a violation of the agreement to pay.

Senator KNOX. What are those ways?

The CHAIRMAN. Yes; what are those ways?

Mr. SCHLOSSBERG. Well, I can not say just what these ways are; but, judging from the fact that other Governments, European Governments, are arranging to do business with Russia, it seems to me there are ways for Governments outside of Europe to make such arrangements.

The CHAIRMAN. What is your native country, Mr. Schlossberg?

Mr. SCHLOSSBERG. Russia. I have been away from Russia for 32 years.

Senator MOSES. Is any portion of the unemployment to which you refer due to strikes?

Mr. SCHLOSSBERG. Oh, yes. We have a lockout in New York, which is due to unemployment. There are about 65,000 people in New York locked out. Lockouts are always in times of unemployment, never in times of industrial plenty.

The CHAIRMAN. If there is nothing further to be asked of Mr. Schlossberg, go on, Senator France, and call anybody else you wish us to hear.

Senator FRANCE. The next speaker is Mr. John J. Jennings, representing Hudson County, N. J., Central Labor Union.

STATEMENT OF JOHN J. JENNINGS, REPRESENTING THE HUDSON COUNTY, N. J., CENTRAL LABOR UNION.

Mr. JENNINGS. My name is John J. Jennings. My address is 93 Prospect Street, Jersey City.

Mr. chairman and gentlemen of the committee, I simply follow in the same strain as the previous speakers. I was sent here representing 50,000 organized workers in the county of Hudson, of which 50 per cent are now out of employment. They feel that any trade relations entered into with any country, Russia or any other country, would be a means of securing employment for them. That is practically the mission that I am sent on.

As to the recognition of the soviet government, I am not going to enter into that. I simply take the position of a man keeping a corner store. If I have got goods to sell, I am not going to look into the moral reputation of the buyer who comes into my store to buy, if he is able to pay; and from all reports we know we have got the goods to sell, and the Russian people have got the money to pay for them; and whether we sell to the Government in Russia or to the individual in Russia does not enter into my mind at all as long as we dispose of the goods and get the cash for them.

If there is any question as to whether they have the money to pay, or if there is any question of it not being the right kind of money, or not rightfully coming into their hands, or, as some have suggested, that it might possibly have been stolen, it is up to the men or the people that sell the goods to take care of themselves in that respect. I believe that the resolution introduced by Senator France should be adopted, and that trade relations with Russia should be opened.

The CHAIRMAN. Can you give the committee any idea of what the value of that Russian market probably would be—how much we would be likely to export?

Mr. JENNINGS. I believe that there is one order—I do not know how authentic it is—for \$3,000,000,000 now.

The CHAIRMAN. Three billion dollars?

Mr. JENNINGS. Yes.

The CHAIRMAN. That is as large as the entire trade of the United States last year. That is pretty large.

Mr. JENNINGS. That is the order that Mr. Vanderlip says he has.

The CHAIRMAN. In that connection, perhaps it will be as well to put in our total exports to Russia from 1909 to 1918, which is the last year given here. The highest figure was reached in 1917, when, I take it, there were large war exports. The exports that year were \$400,996,331. That was the total of the largest year. In 1918 the total had fallen to \$563,000.

Mr. JENNINGS. That is the yearly export that you have got there?

The CHAIRMAN. That is the total export of the United States.

Mr. JENNINGS. For a year?

The CHAIRMAN. These figure are for the year 1918, but I am speaking now of the years prior to the war.

Mr. JENNINGS. I do not suppose this order is to be delivered all in one year. I do not suppose that it would be turned out all in one year, but it would supply work for a good many men for a good many years.

The CHAIRMAN. Three billion certainly would.

Mr. JENNINGS. It certainly would.

The CHAIRMAN. But I was only calling attention to the fact that the largest export by far ever made to Russia in a year was \$400,000,000, and that was a year when we were exporting quantities of munitions of war.

Senator BRANDEGEE. Is this three-billion-dollar order for one class of goods?

Mr. JENNINGS. Oh, no; it takes in all kinds of goods—automobiles, farm implements, railroad cars, shoes, leather, gas meters, electric meters, etc.

Senator BRANDEGEE. Through whom was that order given to people in this country?

Mr. JENNINGS. It was brought here by Mr. Vanderlip, who was over in Russia, and it was published in the press here that he had the order.

Senator BRANDEGEE. Was the party who gave the order—I mean the principal, not the agent—was the principal a combination of Russian citizens, or was it the soviet government?

Mr. JENNINGS. It might have been the soviet government. I think it was the soviet government. It does not matter to me, as a representative of the American workman, whether the order comes from the soviet government or an individual in Russia, as long as either one of them is able to pay for the American-made goods.

Senator BRANDEGEE. I wondered what individual in Russia was able to pay three billion dollars.

Mr. JENNINGS. Maybe it is the soviet government that is able to pay.

Senator BRANDEGEE. If you do not know, that is all I want to know.

Mr. JENNINGS. I do not know it.

The CHAIRMAN. It would be interesting to know how it can pay it with five hundred millions in gold.

Mr. JENNINGS. There is only one thing that enters into my mind at all, and that is the state of unemployment of the American workman; and anything that can be done to relieve that, be it with Russia or any other country in Europe where trade can be opened, should be done. I am not here to attempt to tell the committee the way to do it. We look upon the statesmen in Washington to be able to solve that question, not us.

The CHAIRMAN. This matter of unemployment is very important. Have you any figures about the total unemployment in the country at large?

Mr. JENNINGS. I have in my country, or in the country I come from, and the State. In the county of Hudson now there are 75,000 unemployed in a population of 700,000.

The CHAIRMAN. Those are the returns to the unions, you mean?

Mr. JENNINGS. The returns; yes; and the statistics taken by the State Labor Department of the State of New Jersey.

The CHAIRMAN. They are official figures?

Mr. JENNINGS. They are official figures—41,000 in the city of Newark. Last night, the last thing I did before I left for Washington, I attended a dinner given to relieve the suffering of the children in Europe. Mr. Hoover spoke at it, and the thought came to my mind how soon we would have to give like dinners for the children of America, and give money to take care of them, and buy them shoes and things.

Senator MOSES. Are any of those who are out of employment out on strike?

Mr. JENNINGS. There is not one man in the county of Hudson on strike. We are living absolutely at peace with our employers, and have been for a long time. We are one of the most conservative counties in the United States of America.

Senator FRANCE. Just a word of explanation with reference to what has been called a three-billion dollar order. I do not think the witness intended to convey the thought that that was a definite order, placed by any authority in Russia for goods in this country. That was an estimate as to the immediate and prospective needs of Russia. For example, in that list it was stated that Russia needs 25,000,000 pairs of shoes. I was talking with an expert on that subject last evening, and he said that that probably was too small a figure to represent the needs of Russia for shoes. We must remember that Russia has been practically without manufactured articles for four years. There are no nails in Russia, no leather goods, no shoes, no women's goods, no paper, no pencils, machines are gone, and agricultural implements have been used up. It is estimated by conservative authority not connected with the soviet that for the rehabilitation and the extension of Russian railroads in the next seven years probably seven billions of dollars will be needed.

Senator KNOX. Senator, would you mind telling us how you think Russia is going to be able to pay for those goods?

Senator FRANCE. In the ordinary way by which one nation pays another for goods. International trade, of course, is nothing but international barter, with a certain amount of gold always carried to make that trade possible. To-day trade is going on between the United States and Russia, however, not directly, but through other countries. We are, for example, shipping certain commodities to one of the European countries and we are taking certain commodities from Russia to-day. Some of those commodities are going into the Senator's own great State. I refer to manganese ore. Five hundred million dollars, and half of that is sufficient gold to form a basis for a great amount of trade after the trade begins to take place in the ordinary exchange of goods.

I think that the list submitted by Mr. Vanderlip was very conservative, indeed. I think it is incomprehensible the amount of manufactured articles that are needed.

Senator PITTMAN. Senator, have you a plan by which we can increase the trade without recognizing the soviet government?

Senator FRANCE. Yes. I am not in favor of recognizing the soviet government at this time.

Senator PITTMAN. If you can get any such plan as that and not endanger our purpose, I am glad of it.

Senator FRANCE. I am glad to know the Senator gives another indication of his sound judgment, and it is very encouraging to know that he feels that way.

The next speaker, Mr. E. C. Wilson, is secretary of the National Association of Machinists.

Senator POMERENE. Who was this Mr. Vanderlip that you spoke of?

Senator FRANCE. Washington Vanderlip, who is an American of the highest integrity.

Senator POMERENE. Is he the man who got the billion-dollar concession from the soviet government?

Senator FRANCE. Yes.

Senator POMERENE. Was that a concession of privileges which were owned by the soviet government, or did it consist of properties which they had expropriated?

Senator FRANCE. No; but those are concessions such as are usually made by governments to individuals. For example, there was a concession of fishing rights off the coast of Kamchatka which are very valuable indeed. Those fishing rights have not been used by the people of Russia because of the geographic conditions existing there. It is a sparsely populated country, and yet if the fishing rights of Kamchatka were organized they would be extremely valuable. It is estimated that the fishing rights alone, if I am not in error on the figures—I may be, because I can not trust my memory in regard to figures—are worth about \$25,000,000 per year.

Senator POMERENE. Do you regard those rights as of any value at all at the present time coming as they do?

Senator FRANCE. Senator, of course that takes us into a very large question. I have not examined into all of the concessions. I have not examined into all the questions, but I will say this: That after the British learned of those concessions they were very eager to purchase them, and I think a syndicate of business men——

The CHAIRMAN. How did you find that out, that the British were so eager to purchase them?

Senator FRANCE. Well, Senator——

The CHAIRMAN. I mean, what is the evidence that they were so eager? I am speaking now of Mr. Vanderlip's concession.

Senator FRANCE. Well, Senator, I will say this, that I was privileged to talk to Mr. Vanderlip over this whole question——

The CHAIRMAN. The information comes from him? That is all right. I have no further questions. If the information comes from Mr. Vanderlip, that is sufficient.

Senator POMERENE. Did he fix the price that the British Government sought to place on them?

Senator FRANCE. No; being a good American, he was looking for the interests of his own country. I am very happy to say that he brought that concession back to America, and I hope to see Americans go in there and develop that portion of Russia instead of citizens of another country.

I wish we had more Americans like him, and I wish the Senators had had the privilege of meeting him, because I know they would have been very deeply impressed with the soundness and the conservatism of Mr. Vanderlip and the interests he represents.

Mr. Davison.

STATEMENT OF MR. E. C. DAVISON, SECRETARY OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS.

Senator FRANCE. Will you state, Mr. Davison, what the membership of your association is?

Mr. DAVISON. I would say approximately 350,000, composed of machinists employed in every line of machinery and repair in the United States and Canada.

Senator POMERENE. Where do you live?

Mr. DAVISON. Washington.

Senator POMERENE. Am I to understand from that that you speak for all these machinists?

Mr. DAVISON. I would say in a general sense, as that is applied, yes. As an actual statement, I have not been authorized individually by these men to make this statement.

Senator POMERENE. I asked that question so that we may understand. I received a letter from a central labor union in one of the important little cities of Ohio the other day, advising me that there were 22 crafts that were represented, 1,800 working men, and that they spoke for these various crafts. Upon inquiry I find that there were just 12 men present at this meeting, and as I understand it they presumed to speak for the 1,800.

Senator FRANCE. Mr. Chairman, I am sure that the Senator does not mean by that statement to affront the organization of the machinists of the United States.

Senator POMERENE. No.

Senator FRANCE. I am going to say with reference to that organization that it is one of the most intelligent and progressive labor organizations in the world. I have been privileged to know not only some of the officers but some of the men, and I want to say with all courtesy to the Senator, that the members of that body of international machinists would average very well even with the members of our own body.

Senator POMERENE. I am not questioning their intelligence, but simply calling attention to the fact.

Senator FRANCE. And I am sure that Mr. Davison and Mr. Johnston, the president of that body, would make no statement for the members of that body which they are not authorized to make.

Mr. DAVISON. This question was taken up with the members of the International Association of Machinists, both in convention, represented by approximately 700 delegates authorized to speak for them before local units composing that organization, and in addition to that was submitted by a referendum vote to the membership,

and in a vote of 42,000 majority this question was thoroughly gone into on information that had been furnished to our organization.

We are interested in this subject primarily in order to furnish employment for machinists. That is the selfish motive that we have in the proposition. My information is that there is not a railroad in America to-day but what has reduced its force of machinists from 10 to 15 per cent within the last 60 days. The large industrial establishments over the country are closing down at a rapid rate and we have a peculiar interest from the fact that we have received information, not from Mr. Vanderlip, however, but direct from a committee that had been sent by the Retail Trades Federation of the World that were meeting in Berne, Switzerland, to investigate conditions in Russia and report, which came back representing both the soviet view of the situation, as represented by the bolshevik party, and the menshevik party, representing the two separate and distinct reports. In many instances those two reports were identical. In some instances they were antagonistic to each other. But summing up the whole proposition, when all the information had been given us, it was shown that immediately there were demanded in Russia at least 15,000 locomotives in order to rehabilitate the transportation systems of Russia. Inquiries that were made regarding the suffering in Russia bore out statements that we had been given by different individuals and groups, that in the large cities the suffering was acute, due to the fact that the transportation system of the country had broken down; that there was a sufficient amount of supplies of food in the rural districts, but that there was no means of getting those food supplies into the larger cities.

We could readily understand what that meant in the city of Washington. We were under practically the same conditions during the war, due to the condition of transportation, when we were only permitted to buy a pound of sugar at a time, a half a ton of coal at a time, and in some instances no coal at all. We could readily understand that regardless of any other condition. Transportation systems require rebuilding, and that offers a solution of the problem that is very acute. We found that there is in Russia a locomotive-building establishment, but that it can no where near turn out the locomotives required on the railroads.

Our interest is this, that we should like very much to see trade relations established in order that the American machinists and the American workmen might furnish those 15,000 locomotives.

Senator MOSES. Have you anything to indicate that they all would be bought here?

Mr. DAVISON. No, except in competition the American mechanic is superior to any mechanic on earth, and we are perfectly willing to take our chances with any mechanic in the world, and we feel confident that if the 15,000 locomotives are to be bought by Russia, that the American mechanics and the American manufacturers will furnish them.

The CHAIRMAN. Who is to buy them?

Mr. DAVISON. I understood they were to be bought by the soviet government. We are not concerned with the government that they have in Russia any more than we are concerned with the government they have in Mexico or Turkey. We feel that we have been dealing

with Turkey for quite a while, and that government does not meet with our approval by any means, the Turkish government, neither does the Russian government.

Senator KNOX. There is an underlying principle of international law and international comity that provides that the first element in determining whether or not one Government should recognize the existence of another is to find out whether it is able and willing to meet its international obligations. Suppose that the soviet government announces at the time it makes the international obligation that it reserves the right to violate it at its pleasure. Do you think it should be recognized?

Mr. DAVISON. I should think—I would not want to enter into a contract or agreement with anyone who told me in advance that he did not propose to live up to it. But I would treat him the same as I would those who said they would and later did not.

Senator BRANDEGEE. It is safer to deal with the fellow who pretends he will keep it.

Mr. DAVISON. I would rather deal with the fellow who will tell me he will double cross me than the one who does not tell me and then does it.

Senator KNOX. How are you going to find that out in advance?

Mr. DAVISON. Base future actions on past history.

Senator KNOX. The safe way would be to make no agreements at all. Then you would be safe.

Mr. DAVISON. I do not know how that would be worked. I have not the slightest idea.

We know they will need the locomotives, and I know from information we have here that they have materials in that country that we need here, manganese ore, for instance, and the shipping of those articles into this country would produce, in my opinion, a sufficient guaranty of the payment for the goods that they require on that side of the world, on the same general lines as we work with all other governments of Europe and Asia.

Senator MOSES. Is there anything to prevent a manufacturer of locomotives in this country from selling in Russia, selling locomotives and taking his pay in manganese ore? The United States would have nothing to do with that.

Mr. DAVISON. I would doubt whether that could be done or not under the regulations of the Federal Reserve Board and the Treasury Department, which says to all banks that they must guarantee the payment of this money that is paid to the Russian Government.

Senator MOSES. This is not a question of money.

Mr. DAVISON. It would become—if you will permit me I want to follow that line—if that manganese ore was delivered into the United States and paid for in money, whether that money could be attached by some one who said that the Government of Russia had stolen the gold, etc., whether the money could be attached even if the ore was delivered in this country, under the Federal Reserve Board ruling, I do not know. As I understand it, the bank accepting that deposit must guarantee the payment, and no bank desires to do that.

Senator MOSES. I am talking about a straight case of barter, a straight case of barter between the American locomotive company and the soviet government.

Mr. DAVISON. Not that I know of directly. Our organization was sufficiently interested to send a circular to request our members to give this matter a great deal of thought and consideration, and asked that they would advise with their representatives in Congress, for or against. We were not particularly concerned as to the opinions of the individuals unless those opinions were expressed to their representatives in Congress, and we have requested our membership to inform their representatives in Congress as to what their opinions are in this matter. As I say, we have a purely selfish motive, if it might be termed that. We are anxious to supply the tractors and the locomotives and the many other machinery supplies that are necessary in order to furnish employment for those that the American manufacturer has no employment for at the present time, and the unemployment problem, to our mind, is getting to be a serious condition of affairs.

I do not know there is anything that I can add to what has been said except to state clearly the position of our organization. We are not concerned with the Government of Russia—

The CHAIRMAN. What would be, in round numbers, the value of 15,000 locomotives?

Mr. DAVISON. I really could not tell you that. It would depend entirely on the class of locomotive. I would suggest, however, about \$20,000.

The CHAIRMAN. I mean only some round approximate figure.

Senator POMERENE. Do you think they can be bought for that? Would it not be nearer \$75,000?

Mr. DAVISON. They can be built at about \$20,000. I do not mean the selling price. I mean the amount of money that the workers get out of the locomotives.

The CHAIRMAN. I was getting at what you expect to sell them for to Russia.

Mr. DAVISON. I am speaking from a conservative view. I would say \$20,000.

The CHAIRMAN. For how much would you expect to sell them to Russia?

Mr. DAVISON. That would be a question for the manufacturer to determine. I do not know. That would, of course, depend on conditions. I do not think I could give a round figure on that any where near accurate.

The CHAIRMAN. How much manganese ore is consumed in this country?

Mr. DAVISON. I really could not give you that information. The information that we have is that they had on the other side 250,000 tons of manganese ore ready for shipment.

Senator POMERENE. Do you know the price per ton?

Mr. DAVISON. No, sir; I do not. That of course fluctuates almost daily.

Senator KNOX. Do I understand you to estimate that there is \$20,000 worth of labor in the construction of a locomotive?

Mr. DAVISON. I should judge that.

Senator KNOX. Do you know how much the raw materials cost?

Mr. DAVISON. That estimate includes that. There is very little raw material except after the labor is supplied. I should say \$20,000 covers the labor and the raw materials.

Senator KNOX. At existing labor prices?

Mr. DAVISON. Yes, sir. These were the figures that were supplied I believe from the Railroad Labor Board in Chicago several weeks ago in taking up the question of prices made by the Baldwin Locomotive Co. on certain rolling stock on the Pennsylvania Railroad.

I should like to offer this circular that was sent to the machinists' organization in order to show our good faith, and giving you the information upon which the members of the machinists' organization acted in this matter, and the source of the information is shown in the circular.

(The circular referred to is here printed in full, as follows:)

CIRCULAR NO. 78.

INTERNATIONAL ASSOCIATION OF MACHINISTS,
Washington, D. C., January 8, 1921.

To the order everywhere, greeting:

At a recent meeting of the general executive board the question of the present unemployed situation was under discussion, and it was the opinion of the board that something of a constructive character should be presented to the membership in order to carry out the provisions of the second paragraph of our platform which reads "to adopt, carry out, and put into operation an effective plan for keeping our members employed."

We realize that there are thousands of skilled machinists now the victims of a forced idleness and believe that a great deal of the unemployment at the present time is the result of an activity on the part of the employers of the country to bring about a condition under which they could force a reduction in wages and at the same time violate in many instances their contracts with organized labor, although in many instances the conditions of unemployment have been brought about by the inability of the employer to keep plants in operation for lack of orders, and in too many instances it has been found that the latter-mentioned employers have become the victims of the larger employers, seeking to force a condition of unemployment.

We are of the opinion that the time has now arrived when the industrial establishments of this country must be allowed to enter into productive activities, based on the needs of the entire world.

We are in touch at the present time with the needs of finished products by the Russian people. They are restricted from receiving these products of the mills and factories of America by some agencies within our Government of which we are not entirely familiar.

I am submitting for the information of the membership data compiled from the records of the commercial department of the soviet government of Russia, regarding the general needs and immediate requirements for goods of American manufacture; also regarding raw material ready for immediate export from Russia.

The dearth of manufactured goods of every variety is so great and the purchasing power of the Russian government is so vast that it is practically impossible to determine the actual capacity of the Russian market to absorb goods of foreign manufacture. It may be said, however, without fear of contradiction, that having in view the scarcity of goods in Russia, due to the blockade and the civil wars and invasions, and considering the inadequate existing facilities for domestic manufacture, the needs of Russia in many lines of goods for some time to come will far exceed the actual power of all the foreign manufacturers of these goods. This may be seen by the most casual reference to the statistics of pre-war imports into Russia, and when in addition to the normal pre-war imports, there is taken into consideration the greatly increased standard of living and consuming power of the millions of Russian peasants and workers released from poverty and oppression, some conception may be formed of the immediate possibilities of the Russian market. Moreover, there should also be taken into this estimate the vast engineering and industrial projects already begun or planned by the soviet government in railroad construction, electrification, roads, waterways, and other public works, all of which projects

far exceed anything accomplished or contemplated by the reactionary régime of the czars will create a special demand for foreign supplies and equipment.

The immediate requirements to supply the pressing needs created by the blockade and by the wastage of war include every variety of essential goods. Among those things which Russia requires at once in large quantities are locomotives, cars, rails, tires, springs, etc.; tractors, plows, reapers, mowers, binders, harrows, and other tools, large and small; binder twine; motor trucks; leather goods; shoes, etc.; textiles; chemicals, drugs, soap; notions; belting, all kinds; oil well machinery and piping; mining machinery; rubber goods; ties; typewriters; sewing machines; surgical instruments; machinery and machine tools of all sorts; printing presses, and printing supplies; small tools; sheet iron; tool steel; camera and camera supplies, films, etc.; raw cotton.

The above are some of the lines in which the immediate needs are most urgent.

Referring now to our recent advices from the commissariat of foreign trade of the soviet government, it has been found that there is on file urgent instructions from Russia with detailed specifications for immediate purchase in America of the following supplies: (These figures are not based upon estimated requirements, but represent a few of the actual orders, which are ready to be placed with American manufacturers at the first opportunity.)

Agricultural machinery, including tractors, mowers, binders, reapers, plows, cultivators, etc., specified orders to the extent of \$50,000,000; machine tools, between \$3,000,000 to \$5,000,000; small tools, files, drills, etc., between \$3,000,000 and 5,000,000; 30,000 to 100,000 tons of rails; 10,000 tons of locomotive ties; 2,500 tons of spring steel for locomotive and car springs; 10,000 tons of sheet iron; 50,000 tons of oil piping.

These few items cited above represent immediate orders received by a recent cable and letter from the department of foreign trade of the soviet government will give an idea of the nature and the volume of the trade which will begin immediately upon the lifting of the blockade and the opening of the channels of trade.

These figures as presented do not represent the full extent of the orders which will be placed once the department of foreign trade of the soviet republic is given assurance that the manufacturers of American can meet their requirements.

The newspapers of the country have from time to time given you information regarding the methods which amount to an effective blockade of the Russian republic, which prevents the placing of these orders with American manufacturers and which prohibit many American business men who are anxious to sell their goods from undertaking these Russian soviet republic contracts. Although there is no nominal restriction against the shipment of American goods to Soviet Russia, except the so-called war materials, which restriction is still in force, nevertheless, this trade is being restricted by action of the Federal Reserve Board refusing the right of transferring funds to the United States from the Russian republic in order to pay for the goods purchased, although these contracts are supported by a guarantee of payment in gold for goods purchased in America. The American manufacturer is otherwise prevented by the authorities from disposing of this gold in America, in return for these goods, the question being raised that there was a probability of the gold used in payment of these products being illegally acquired by the Russian republic.

This question has never been raised before to our knowledge. We have not questioned the shipments of gold from Turkey or from any of the European and Asiatic countries and even in our own Nation. We have never before censored the gold received by the United States Treasury, or attempted to determine whether it represents gold legally acquired or not. These prohibitions amount to an actual blockade and prevent the Russian republic from entering into commercial relations with the United States. The lack of postal and cable communications between Russia and America make the resumption of trade relations, without these essential facilities, practically impossible at this time.

There is at the present time in Russia, ready for shipment to the United States, raw materials which have been accumulated and ready for export. A few of these items which have been offered to us by the department of foreign trade of the Russian republic for disposal in the American market will give a fair idea of the result of the restriction of trade between the two countries.

These figures represent stock actually on hand and ready for immediate shipment:

| | |
|----------------------------------|----------------------|
| Lumber | Unlimited quantities |
| Flax | 20,000 tons |
| Hemp | 10,000 tons |
| Furs | 9,000,000 pelts |
| Bristles, sorted and cleaned | 1,000 tons |
| Horse hair | 2,000 tons |
| Manganese ore | 250,000 tons |
| Asbestos | 8,000 tons |
| Hides | 3,500,000 skins |
| Platinum | large quantities |
| Petroleum and petroleum products | 2,000,000 tons |

These figures will give an idea of the possibilities involved in the resumption of commerce between the Russian republic and the United States, and have been the result of an investigation furnished by the representatives of the Russian socialist federal soviet republic.

If the restrictions placed on this trade were removed, it would place in operation many mills, shops, and factories now closed down and would give employment to the unemployed of America, which would solve a very serious problem at this time.

We would urge our lodges to present this matter to the central bodies and to the State federations of labor and civic bodies of all descriptions in their localities, in order that the facts of this unbelievable condition may become the property of the public, and request that memorials be prepared to Congress and that each Congressman and Senator be written requesting that all of these restrictions be removed in order that the unemployed may resume employment.

The State Department of the United States Government at Washington should be written to and your views expressed on this question. You should also see to it that your needs are expressed to the Federal Reserve Board at Washington and every attempt should be made to raise this commercial blockade in order that the American manufacturers who are favorable to solving the unemployment problem may have an opportunity to operate their establishments on these orders which are now ready to be placed with American industry.

I would also urge that you present a copy of this circular to the fair employers in your vicinity and ask their cooperation in writing to members of Congress and make this a matter of common interest between the trade unionists and the fair employers of this country, as the employers who are fair to labor will be the ones to profit by the activities in this direction, the resumption of trade relations.

Trusting to receive your hearty cooperation and support in this effort on the part of the International Association of Machinists to carry out paragraph 2 in our platform to provide employment for our members, and with best wishes, I remain,

Fraternally yours,

E. C. DAVISON,
General Secretary-Treasurer

The CHAIRMAN. I asked those questions about manganese ore because I wanted to find out how many locomotives could be bought with manganese ore. Our own production is 15,000 tons of manganese ore, which is worth \$3,220,000. I have not the complete imports here. Our manganese ore comes chiefly from Cuba. I wanted to find out how many locomotives could be bought with the manganese ore.

Mr. DAVISON. I used that only as an illustration, not attempting to be absolutely accurate, because I do not believe I could be absolutely accurate on those questions, and I did not come prepared to go into a technical discussion of the proposition. I only arrived in Washington this morning after several days spent in the anthracite coal fields of Pennsylvania, and I have not had an opportunity to go deeply into this matter, except what had previously passed as the action of our organization.

Senator FRANCE. Mr. Chairman, if you will allow me to make a short statement of our problem. The hour of 12 o'clock is approaching. I have three other labor witnesses.

The CHAIRMAN. I will hold the hearing longer than that. I can not promise it for another day.

Senator FRANCE. Then, Mr. Chairman, at the completion of their testimony, I desire to put upon the stand a witness whose testimony really should be given before the committee privately, a very important witness who has very important evidence to submit to the committee. I think it is evidence which should be submitted privately, if it meets with the wishes of the committee, and the committee can do so privately. If it meets with the wishes of the committee and the committee can do so, I would be glad to have them hear these three speakers, who will occupy only about 15 minutes, and then give us a secret session for an hour.

The CHAIRMAN. I do not know how much time we shall have. I agreed to give you this hearing on the resolution, but the Committee on Foreign Affairs has been extremely busy, it has a number of resolutions before it, and how much more time we can give you I can not say. We can not go on indefinitely. But it is for the committee to say.

Senator FRANCE. I appreciate the fact that this committee is very busy and has very great responsibility resting upon it, and I hesitate to trespass upon the time of the committee. But I have in addition to the labor witnesses, and this witness whom I wish to have heard in private, two representatives of the woman's emergency committee, and Dr. Jacques K. Maguite, statistician of Siberia, who has important facts to give to the committee, and I think if we could meet a couple of hours this afternoon we could clear the matter up.

The CHAIRMAN. I will see what can be done. I suggest that you put on your witness, if you want to, here in executive session, and we could dispose of that.

Senator FRANCE. If the chairman will permit, we could finish in 15 minutes with the labor union representatives.

The CHAIRMAN. Very well.

Senator FRANCE. The next witness will be Mr. Beardsley, representing the International Jewelry Workers of America, a subsidiary of the American Federation.

STATEMENT OF MR. SAMUEL E. BEARDSLEY, INTERNATIONAL JEWELRY WORKERS.

Mr. BEARDSLEY. Mr. Chairman and members of the committee: There is not anything that I can submit generally, because I think that has been gone into by the other members of the delegation that have spoken.

The only thing that I want to say is this, that our organization has unanimously indorsed the bill of Senator France for resumption of trade relations with Russia, and the opening up of friendly relations with Russia. The organization, of course, that I represent is in a line of trade that is nonessential. We have a great amount of unemployment and it is increasing daily. We realize that there is a close connection between the essential and the nonessential. Unless the

men in the essential trades are employed, the men in our trade naturally in time will all be unemployed. At the present time we have about 60 per cent of the men in the jewelry trade out of work, and the number of men out of employment is growing. In the silver line it is about 50-50. In the watch-making line the number is about 40 per cent, and is increasing daily, as the number of unemployed increases in the essential industries.

We feel that the resumption of trade relations with Russia is going to give employment to men in the essential trades and, as a consequence, gives them an opportunity to spend their money in our line, thereby putting our men to work. That is why we have indorsed the bill of Senator France.

Senator POMERENE. You say that this is the unanimous opinion of your organization?

Mr. BEARDSLEY. Yes.

Senator POMERENE. What is the organization?

Mr. BEARDSLEY. About 30,000.

Senator POMERENE. What is the name of it?

Mr. BEARDSLEY. International Jewelry Workers Union.

Senator POMERENE. How did you obtain this?

Mr. BEARDSLEY. It was in convention and through the locals, through the local organizations.

Senator POMERENE. When was the convention held?

Mr. BEARDSLEY. About two years ago we took up the trade relations question with Russia.

Senator POMERENE. Two years ago with Russia?

Mr. BEARDSLEY. Not on the question of Senator France's bill, but since that time we have submitted to the locals this question directly.

Senator POMERENE. What was the question that was taken up by your convention two years ago?

Mr. BEARDSLEY. The question of trade relations with Russia.

Senator POMERENE. Why did you single out Russia?

Mr. BEARDSLEY. It was with Europe in general.

Senator POMERENE. So that you did not take up specifically—

Mr. BEARDSLEY. Specifically, no. We included Russia in it.

Senator POMERENE. Since that time you have taken it up—

Mr. BEARDSLEY. With our locals.

Senator POMERENE. How did you do that?

Mr. BEARDSLEY. Through letter; circular letter sent to the locals.

Senator POMERENE. How many letters did you send out?

Mr. BEARDSLEY. We have about 75 organizations in the country.

Senator POMERENE. How many did you hear from?

Mr. BEARDSLEY. I could not tell exactly. The only way that I could give that information would be from the secretary himself.

Senator POMERENE. Do you know how many of your people voted upon this at each of these locals?

Mr. BEARDSLEY. I do not.

Senator POMERENE. Do you know whether it was the unanimous vote of the local or not?

Mr. BEARDSLEY. The membership that was present at the meeting, yes. We asked a special meeting on the question.

Senator POMERENE. Did these answers indicate that it was a unanimous vote?

Mr. BEARDSLEY. Of those present.

Senator POMERENE. But you do not know how many were present?

Mr. BEARDSLEY. I can not tell how many. That is something that I will not be able to give you.

Senator BRANDEGEE. Do you think that the members of your organization know that the soviet government will not allow the people of Russia to enter foreign trade?

Mr. BEARDSLEY. I do not think the membership of our organization are thoroughly versed in all of the ins and outs.

Senator BRANDEGEE. Not all of the ins and outs, but that particular fact.

Mr. BEARDSLEY. No; I do not.

Senator BRANDEGEE. I did not know it myself until within a few days. That is the reason I thought maybe they did not.

Mr. BEARDSLEY. I do not think so.

Senator BRANDEGEE. And do you think that if the members of these labor organizations throughout the country, who very naturally would like to see a large trade between the United States and the Russian people—and I would like to accommodate their wants if we can do it properly—do you think they would want our Government to enter into negotiations with the existing so-called soviet government, Lenine and Trotszky, and make contracts with the soviet government, when that government will not allow its own people to deal with our people?

Mr. BEARDSLEY. I could not answer that only by submitting such a proposition to the membership.

Senator BRANDEGEE. That is what I am trying to get at. In other words, it seems to me that the laboring men, who naturally want to extend their manufactured goods and get reemployment and better wages, and sell them to foreign countries, are assuming that trade can be conducted with Russia just as we conduct it with people in other countries, and they may not know that the soviet government itself will not permit its own subjects to engage in trade with our subjects, but that foreign trade in Russia under the soviet is a governmental monopoly. Nobody can engage in it except the government, and I wondered if your members all understood that.

Mr. BEARDSLEY. I think that that question, as far as I am personally concerned—and I am speaking now only for myself—has been answered by those that have preceded me, that that question—

Senator BRANDEGEE. If you will excuse me for saying so, the answer they gave me does not help me much, because when I asked the question they said, "What we want is the trade, and it is up to you statesmen in Washington to invent the way in which we can get it."

Mr. BEARDSLEY. I do not think we could invent a way, anyway, because we would not be the ones negotiating with the Government of Russia as to the way it could be carried out.

Senator BRANDEGEE. But they say it is up to us. Senator France promised to give us that.

Senator FRANCE. I hope to imitate the British system.

Senator POMERENE. Do you favor the recognition of the soviet government?

Mr. BEARDSLEY. That is a question that I am not able to answer.

Senator POMERENE. Are you in favor of seeing it in this country?

Mr. BEARDSLEY. I am in favor of the present Government in this country or any form that the American people may wish, or any form of government that the Russian people may wish.

Senator POMERENE. In this country?

Mr. BEARDSLEY. Not in this country, in their own country. I think we here can work out our own problems in our own way.

Senator POMERENE. In their Third International they say that one of the purposes of the soviet movement is to spread the soviet government through the entire world. Do you accept that proposition?

Mr. BEARDSLEY. I am living in the United States, and I am facing conditions in the United States and have to mold and shape all my actions in keeping with the conditions that confront me, and I would absolutely refuse and object to anybody telling me as to what form of government I should have here.

Senator POMERENE. Of course everyone of us does that, but the question is whether or not you favor the establishment of the soviet government in this country.

Mr. BEARDSLEY. I am in favor of the present Government in this country, and whatever other form it may take will be determined by the American people and not by the Russians, and I certainly object to their telling me how to make changes here. I am here and I have to live under the conditions here, and I am going to work out my own problems.

Senator France. I would say in connection with this problem presented to our statesmanship that I have a great admiration for British statesmanship, and I have a greater admiration for American statesmanship, and if the British statesmanship can work out a plan for getting Russian trade the American statesmanship is capable of working out a plan of getting part of it.

I want to introduce next Mr. J. T. DeHunt, Brotherhood of Railway and Steamship Clerks, and after him Mr. A. Trachtenburg, statistician, International Ladies' Garment Workers. These gentlemen will take only five minutes each, and then we will go, if the committee consents, into private session.

STATEMENT OF MR. J. T. DeHUNT, BROTHERHOOD OF RAILWAY AND STEAMSHIP CLERKS.

Mr. DeHUNT. Mr. Chairman and gentlemen, I am going to try to make my presentation upon behalf of the men that I represent just as short and pointed as possible.

I am here under instructions from my district counsel, 42 locals, representing approximately in round figures 25,000 workers in the port of New York and vicinity. In addition to that I am the vice chairman of the eastern federation of our organization, which represents approximately between 85,000 and 90,000 workers from New Jersey north and east to Maine.

At our regular federation we took up this proposition of unemployment, and the solution that was offered for unemployment was an open market for American goods in Russia, along the lines laid out by the other representatives of labor.

At the district council meeting in New York City the unemployment question came up three weeks ago, and we have approximately

20 per cent of our membership in and about New York walking the streets. They can not get jobs. Only the other day several of the boys came into my office and they said to me "We have gone and done it."

"Gone and done what?"

"Joined the army."

I said "You are young and healthy, and most likely you will see some of the world."

"We joined it not to see the world but to eat and to get a place with a roof over our heads. We were ashamed to be living on our parents, and we have gone and enlisted for one year."

That struck me, an American, as a pretty tough proposition, to prompt a man going into the army to get something to eat and a place to sleep. When I went to school, attending a military academy, as a young man, we joined the Army in those days, were taught to join the Army in the call of war for patriotic purposes, for the defense of the country, and here we are finding our young men joining it to get three meals a day, industries shutting down, transportation laying off men. They have already laid off a third, and still more are going to be laid off.

Senator MOSES. Have you served with the forces?

Mr. DE HUNT. No, sir; but I offered my services although over the age limit, and was rejected due to defective eyesight. I was doing war work, handling munitions docks in the port of New York, working from 18 to 20 hours a day for a flat salary, refusing to accept overtime during the period of the war. I have a card showing where I was rejected on account of physical disabilities, which could very easily have been overlooked if they would have accepted me. I offered to go overseas the night I presented myself.

I do not think that any personalities are necessary to interject into this other than the thought that we workers have got to cooperate with our Representatives in Government in taking care of a condition, a condition which is bordering on starvation. When a man can not sell his labor, and when he has not accumulated any money, and he gets hungry, strange notions that we all fear, we Americans fear so greatly, will get into their heads, or are liable to get there; and I have heard remarks from workers, organized some of them, but the greater part unorganized, and therefore uneducated in how to use their economic strength wisely, rambling off on different programs. The trouble lies in the fact that there is no work to take up their time, and that they are hungry. Those conditions are the conditions that we are facing in our craft, and I was sent here with instructions, gentlemen, to say that our men, and our women also—I represent women also in our organization—stand behind Senator France's bill and resolution, and individual resolutions have been mailed to our Senators from New York, Messrs. Wadsworth and Calder, instructing them to voice the desires of our membership from that State.

I think that is all the testimony that I will take up the time of the committee with, unless there are any questions that you desire to ask in order to make things clear.

Senator FRANCE. The next speaker will be Mr. A. Trachtenberg, statistician of the International Ladies Garment Workers, and secretary of the American Labor Alliance for trade relations with Russia.

STATEMENT OF MR. A. TRACHTENBERG, STATISTICIAN OF THE INTERNATIONAL LADIES GARMENT WORKERS AND SECRETARY OF THE AMERICAN LABOR ALLIANCE FOR TRADES RELATIONS WITH RUSSIA.

Mr. TRACHTENBERG. Mr. Chairman, and members of the committee, I merely wish to present for the record a summary of the communications that we have received in the association from the labor organizations throughout the country. I also would like to place in the record a communication to Mr. Slossinger, president of the International Ladies Garment Workers, numbering 150,000 workers.

Senator MOSES. How many of those are citizens?

Mr. TRACHTENBERG. I remember the last year's survey made the estimated membership about, I should imagine about 50 per cent. But now I should think it would be more.

He is prevented from being here because of a strike situation which he hopes to solve. He is now in conference with the employers.

Mr. Edward Nockels, the secretary of the Chicago Federation of Labor, was to be here to present the views of the Chicago Federation of Labor and left New York last night, or had his reservations, but he did not get here, for what reason I do not know.

I would like to present the telegrams which I received for presentation before this committee, one signed by J. H. Walker, president of the Illinois State Federation of Labor [reading]:

The Illinois State Federation of Labor in convention assembled by unanimous vote officially declared in favor of our country immediately resuming trade relations with Russia. The board of directors of the Central States Cooperative Wholesale Society in East St. Louis, Ill., yesterday adopted similar resolutions.

I also desire to present this telegram from the Seattle Central Labor Council [reading]:

Heartily indorse your proposition to attend hearings on trade with Russia, but deeply regret inability to be personally represented. You have our expressions and we earnestly desire that you speak for the 60,000 workers we represent.

Mr. Andrew Furuseth, the president of the International Seamen's Union, intended to be here, but he had to appear before a commission to testify and he asked me to put his name on record in behalf of his organization favoring the opening of trades relations with Russia.

I would like to present to the committee also our correspondence with unions throughout the country. We have since the organization of this alliance, which was organized in New York City at the end of November, had conferences with representatives of 600,000 organized workers in greater New York, and their congress adopted the following resolution:

(The resolution referred to is here printed in full, as follows:)

AMERICAN LABOR ALLIANCE FOR TRADE RELATIONS WITH RUSSIA—RESOLUTION ON THE RUSSIAN BLOCKADE AND INTERVENTION.

[Adopted at conference representing organized labor of Greater New York, held Sunday, November 21, 1920.]

Whereas the people of Russia have for the past three years been subjected to untold misery and privation because of an economic blockade maintained by the allied powers with the aim of forcing the Russian people to abandon a

system of government which they saw fit to establish and continue to support, and which the avowed principle of self-determination declared by our Government guarantees them; and

Whereas this inhuman blockade to which the American Government has given its approval and support is hindering the Russian people from organizing their industrial life in order to relieve the critical conditions created by six years of continued war; and

Whereas in common with the Allies the United States Government has been participating in open warfare or the support of invasions and internal assaults upon the sovereignty of the Russian Republic, although no war has been constitutionally declared by this country against Russia; and

Whereas these attacks upon the Russian people have even led to the prohibition of the various relief agencies from sending medical and other aid to the sick and needy and food to the starving women and children while full support and aid was extended to the various counter-revolutionary forces; and

Whereas public opinion in the United States has been aroused against this monstrous murder of an innocent people so that the State Department announced on July 7, 1920, the nominal lifting of the blockade, without, however, permitting the execution of commercial transaction between this country and Russia; and

Whereas growing unemployment in this country could be materially relieved if Russia were permitted to make purchases of clothing, tools, machinery, and various other supplies which are needed by the Russian people in large quantities, and this country could secure raw materials which Russia can supply; be it therefore

Resolved, That this conference of authorized delegates of labor unions of Greater New York assembled on Sunday, November 21st, in Headgear Workers' Lyceum, representing 600,000 organized workers, protest against the further participation of the American Government in the various plots against soviet Russia and demand that all military, material, financial, and moral support be withdrawn forthwith from all those elements engaged in direct or indirect war upon Russia; and be it further

Resolved, That we demand that the State Department take immediate steps to remove all obstacles to trade with Russia, to establish communication by post, cable, and wireless, to restore the right to travel between the United States and soviet Russia, and to permit the transfer of funds from Russia to be used in the purchase of American goods, to allow authorized representatives of the soviet government to act in its behalf regarding all commercial transactions, and otherwise establish complete and unrestricted relations with Russia; and be it further

Resolved, That copies of these resolutions be forwarded to the State Department and be given wide publicity.

TIMOTHY HEALY, *Chairman*.

ALEX. TRACHTENBERG, *Secretary*.

Senator MOSES. What plot do you refer to?

Mr. TRACHTENBERG. The plot that the resolution has reference to was the support of certain counter revolutionary elements in Russia that were waging war on Russia, such as the situation in Crimea, where they were being supplied by goods from America.

Senator MOSES. By the Government?

Mr. TRACHTENBERG. Or by other interests, the Government not prohibiting the supply of such ammunition or goods.

Senator POMERENE. How many persons were present at that meeting?

Mr. TRACHTENBERG. There were present about 250 delegates instructed by the organization from these various international and local bodies. This resolution was mailed to such organizations as we could get in touch with throughout the country, and Senators coming from the different sections that were interested.

I will not burden you with all the organizations that favor this, just the central labor bodies representing different sections of the country. Just to show how these things are done, at the central body

certain resolutions come up, and these are referred to the locals, and after the decision of the local bodies it is reported back to the central body, where a reversal may take place.

Senator POMERENE. May I ask in that connection, for my information, because I do not know, when these locals take this action, and it is reported to the central body, do they report the number who were present and the number who voted yea, and the number who voted nay?

Mr. TRACHTENBER. Not usually; they just say a majority. I suppose that prevails.

The following central labor bodies have indorsed this resolution and have written us. I will not burden you with the correspondence.

(The lists referred to are here printed in full, as follows:)

CENTRAL LABOR BODIES WHO ARE DEMANDING TRADE WITH RUSSIA.

Barstow Central Labor Council, Barstow, Calif.
 San Diego Federated Trades, San Diego, Calif.
 Taft Central Labor Union, Taft, Calif.
 Denver Trades and Labor Assembly, Denver, Colo.
 Bridgeport Central Labor Union, Bridgeport, Conn.
 Hartford Central Labor Union, Hartford, Conn. (6,500).
 Meriden Central Labor Union, Meriden, Conn. (2,000).
 New Haven Trades Council, New Haven, Conn.
 Wilmington Central Labor Union, Wilmington, Del.
 Washington Central Labor Union, Washington, D. C.
 Council Bluffs Central Labor Union, Council Bluffs, Iowa.
 Chicago Federation of Labor, Chicago, Ill. (400,000).
 Springfield Federation of Labor, Springfield, Ill. (30,000).
 Portland Central Labor Union, Portland, Ind.
 Shelbyville Central Labor Union, Shelbyville, Ind.
 Vigo County Central Labor Union, Terre Haute, Ind.
 Allegany Trades Council of Allegany County, Frostburg, Md.
 Baltimore Federation of Labor, Baltimore, Md.
 Boston Central Labor Union, Boston, Mass. (80,000).
 Salem Central Labor Union, Salem, Mass.
 Albert Lea Trades and Labor Assembly, Albert Lea, Minn. (1,000).
 Omaha Central Labor Union, Omaha, Nebr.
 Berlin Central Labor Union, Berlin, N. H.
 Fort Edward Trades Assembly, Fort Edward, N. Y.
 The Schenectady Trades Assembly, Schenectady, N. Y. (20,000).
 Cincinnati Central Labor Council, Cincinnati, Ohio.
 The Central Labor Union, Ironton, Ohio.
 Altoona Central Labor Union, Altoona, Pa.
 Pennsylvania State Federation of Labor, Harrisburg, Pa.
 Jeannette Central Trades Council, Jeannette, Pa.
 Philadelphia Central Labor Union, Philadelphia, Pa. (175,000).
 Women's Trade Union League of Philadelphia (150,000).
 Pittsburgh Central Labor Union, Pittsburgh, Pa.
 Reading Trades Council, Reading, Pa. (11,000).
 Central Labor Union, Warren, Pa.
 Central Labor Union, Wilkes-Barre, Pa.
 Charleston Central Labor Union, Charleston, S. C.
 Ogden Trades and Labor Assembly, Ogden, Utah (3,000).
 Newport News Central Labor Union, Newport News, Va.
 Richmond Central Trades and Labor Council, Richmond, Va.
 Seattle Central Labor Council, Seattle, Wash.
 Tacoma Central Labor Council, Tacoma, Wash.
 La Crosse Trades and Labor Council, La Crosse, Wis.
 Milwaukee Federated Trades Council, Milwaukee, Wis.
 Cheyenne Trades and Labor Assembly, Cheyenne, Wyo.
 Greybull Central Labor Union, Greybull, Wyo.

Central Trades and Labor Council of New York (600,000).
 United Hebrew Trades of New York.
 Women's Trade Union League of New York.
 Italian Chamber of Labor, New York, N. Y.

NEW YORK LOCAL UNIONS.

Bakery and Confectionery Workers, local No. 144.
 Bakers and Confectionery Workers, local No. 305.
 Barbers' Union, local No. 560.
 Barbers' Union, local No. 752.
 Bonnaz Embroiderers, local No. 66, I. L. G. W.
 Printed Bookbinders and Machine Operators, Bookkeepers, Stenographers
 and Accountants' Union No. 12646.
 Brewery, Flour, Cereal, and Soft Drink Workers, local No. 311.
 Bridge and Structural Iron Workers, local No. 40.
 International Carpenters, local No. 41.
 United Brotherhood of Carpenters and Joiners, local No. 366.
 United Brotherhood of Carpenters and Joiners, local No. 2090.
 Children's Shoe Workers.
 Cigar Makers, local No. 90.
 International Cigar Makers, local No. 144.
 Cigar Makers' Progressive International Union, local No. 149.
 Cleaners and Dyers' Union.
 Cloak Button Makers, I. L. G. W.
 Cloak Operators' Union, local No. 1, I. L. G. W.
 Cloak and Suit Sample Makers, local No. 3, I. L. G. W.
 Cloak and Suit Makers' Union, local No. 9, I. L. G. W.
 Cloakmakers' Union, local No. 11, I. L. G. W.
 Cloak and Skirt Makers, local No. 23, I. L. G. W.
 Cloak, Suit, and Dress Pressers' Union, local No. 35, I. L. G. W.
 Italian Cloak and Suit Makers, local No. 48, I. L. G. W.
 Italian Cloak Makers, local No. 142, I. L. G. W.
 United Cloth Hat and Cap Makers, local No. 1.
 Cap and Millinery Cutters, local No. 2, U. C. H. and C.
 United Cloth Hat and Cap Makers, local No. 3.
 United Cloth Hat and Cap Makers, local No. 17.
 United Cloth Hat and Cap Makers, local No. 23.
 Millinery and Ladies' Straw Hat Workers, local No. 24.
 United Cloth Hat and Cap Makers, local No. 39.
 United Cloth Hat and Cap Makers, local No. 40.
 United Cloth Hat and Cap Makers, local No. 42.
 United Cloth Hat and Cap Makers, local No. 43.
 United Cloth Hat and Cap Makers, local No. 45.
 United Cloth Hat and Cap Makers, local No. 50.
 United Cloth Hat and Cap Makers, local No. 51.
 United Cloth Hat and Cap Makers, local No. 53.
 United Cooks' Union, local No. 719.
 Costume Dress Makers' Union, local No. 90, I. L. G. W.
 Amalgamated Ladies' Garment Cutters, local No. 10, I. L. G. W.
 Engineers (Stationary), I. U. S. and P. E. No. 20.
 International Brotherhood of Stationary Firemen, local No. 56.
 International Fur Workers' Union, local No. 25.
 Housesmiths' Local Union No. 52.
 International Ladies' Garment Workers, local No. 41.
 International Ladies' Garment Workers, local No. 64.
 Ironmolders, local No. 25.
 Bridge and Structural Ironworkers, local No. 40.
 Architectural and Ornamental Iron & Bronze Workers, local No. 273.
 Ironworkers, local No. 275.
 Jacket Makers, local No. 7, A. C. W. A.
 Jacket Makers, local No. 10, A. C. W. A.
 Jacket Makers, local No. 12, A. C. W. A.
 Jacket Makers, local No. 19, A. C. W. A.
 Jacket Makers, local No. 30, A. C. W. A.
 Children's Jacket Makers, local No. 101, A. C. W. A.

Jacket Makers, local No. 175, A. C. W. A.
 Jacket Turners, local No. 55, A. C. W. A.
 Children's Jacket Makers, local No. 176, A. C. W. A.
 Jewelry Workers' Union, local No. 1.
 Knee Pants Makers, local No. 19, A. C. W. A.
 Ladies' Tailors, local No. 80, I. L. G. W.
 Laundry Workers' Union, local No. 97.
 Fancy Leather Goods Workers' Local Union.
 Leather Suspender Trimming Makers' Union.
 International Longshoremen's Association, checkers' local No. 874.
 International Association of Machinists, local No. 226.
 International Association of Machinists, local No. 304.
 International Association of Machinists, local No. 323.
 International Association of Machinists, local No. 402.
 International Association of Machinists, local No. 460.
 International Association of Machinists, local No. 835.
 Marine Engineers, local No. 33.
 Masters, Mates, and Pilots, local No. 1.
 Metal Polishers, local No. 12.
 American Federation of Musicians, local No. 310.
 United Neckwear Makers' Union, local No. 11016.
 Nonbasted Children and Sailor Jacket Makers, local No. 12, A. C. W. A.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 9.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 25.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 51.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 230.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 261.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 829.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 848.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 874.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 892.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 917.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 1251.
 Brotherhood of Painters, Decorators, and Paperhangers, local No. 490.
 Paper, Plate, and Bag Makers' Union.
 Printing Pressmen, local union No. 25.
 Printed Bookbinders and Machine Operators' Local Union.
 Printing Pressmen, local union No. 51.
 Railway Clerks.
 Brotherhood of Railway and Steamship Clerks, local No. 337.
 Brotherhood of Railway and Steamship Clerks, local No. 404.
 United Shoe Workers of America, local No. 72.
 United Shoe Workers of America, local No. 126.
 Journeymen Tailors Union of America, local No. 390.
 Journeymen Tailors Union of America, local No. 909.
 Teachers' Union, local No. 5.
 American Federation of Teachers, local No. 24.
 International Brotherhood of Teamsters and Chauffeurs Local Union
 Umbrella Handle and Stick Makers' Union.
 Upholsterers' Union, local No. 44.
 Ladies Waist and Dressmakers' Union, local No. 25.
 Italian Dress and Waistmakers' Union, local No. 89, I. L. G. W.
 Waiters' Union, local No. 1.
 White Goods Workers' Union, local No. 62, I. L. G. W.
 Warehousemen's Employees Union, local No. 16311.
 Workmen's Circle.
 Cutters, Local No. 4, A. C. W. A.
 Coat Operators, Greater New York, Local No. 5, A. C. W. A.
 Coat Makers, Local No. 2, A. C. W. A.
 Coat Pressers, Local No. 3, A. C. W. A.
 Pants Operators, Local No. 8, A. C. W. A.
 Cutters, Local No. 9, A. C. W. A.
 Cutters, Local No. 10 and 12, A. C. W. A.
 Pants Makers, Local No. 40, A. C. W. A.
 Pants Makers, Local No. 43, A. C. W. A.
 Lithuanian Coat Operators, Local No. 54, A. C. W. A.

Buttonhole Makers' Union, Local No. 50, A. C. W. A.
 Amalgamated Clothing Workers of America, Local No. 58.
 Amalgamated Clothing Workers of America, Local No. 63
 Coat Presser, Local No. 72, A. C. W. A.
 Pants Makers, Local No. 139, A. C. W. A.
 Coatmakers, Local No. 153, A. C. W. A.
 Pants Makers' Union, Local No. 159, A. C. W. A.
 Childrens Clothing, Local No. 176, A. C. W. A.
 Coat Operators, Local No. 213, A. C. W. A.
 Coat Pressers, Local No. 214, A. C. W. A.
 Coat Tailors, Local No. 215, A. C. W. A.
 Buttonhole Makers, Local No. 244, A. C. W. A.
 Pants Makers, Local No. 280, A. C. W. A.
 Amalgamated Metal Workers of America, Local No. 1.
 Amalgamated Textile Workers, Hudson County.
 Amalgamated Textile Trimming Workers.
 Vest Makers' Union, Local No. 16, A. C. W. A.
 Bakery and Confectionery Workers, Local No. 87.
 Bakery and Confectionery Workers, Local No. 100.

LOCAL UNIONS OUTSIDE OF NEW YORK.

Machinists' International Association Lodge No. 68, San Francisco, Calif.
 Marine Erectors' Lodge, International Association of Machinists, Local No. 387, Washington, D. C.
 Cooks and Pastry Cooks' Association, 214 North State Street, Chicago, Ill.
 International Association of Machinists, Local No. 113, Chicago, Ill.
 International Brotherhood of Stationary Firemen, Pittsburg, Kans.
 International Brotherhood of Stationary Firemen, Local No. 3, Boston, Mass.
 International Union of Steam and Operating Engineers, Local No. 38, Omaha, Nebr.
 International Brotherhood of Firemen and Oilers, Local No. 219, Manchester, N. H.
 International Brotherhood of Electrical Workers, Allentown, Pa.
 International Association of Machinists, Bethlehem, Pa., Local No. 1182.
 United Mine Workers of America, Local No. 2086, Brownsville, Pa.
 Brotherhood of Painters, Decorators, and Paperhangers, Local No. 549, Erie, Pa.
 United Mine Workers of America, Local No. 3083, Garret, Pa.
 United Brotherhood of Firemen and Oilers, Local No. 340, Philadelphia, Pa.
 International Association of Machinists, Lodge No. 1, Philadelphia, Pa.
 International Association of Machinists, Lodge No. 159, Philadelphia, Pa.
 United Woolsorters Union, Local No. 1, Philadelphia, Pa.
 United Mine Workers of America, Pine Grove, Pa.
 International Brotherhood of Firemen and Oilers, Pittsburgh, Pa.
 Journeymen Tailors Union of America, Local No. 131, Pittsburgh, Pa.
 United Mine Workers of America, Local No. 472, South Fork, Pa.
 Brotherhood of Painters, Decorators, and Paperhangers, Local No. 41, Wilkes-Barre, Pa.
 Ogden Building Trades Council, Ogden, Utah.

UNIONS IN NEW YORK CITY—JOINT BOARDS.

Pants Makers, Joint Board, A. C. W. A.
 Amalgamated Clothing Workers, Joint Board.
 Joint Board of Cloak Makers.
 Cloth Hat and Cap Makers' Union, Joint Board.
 Joint Board of Millinery Workers' Union.
 Joint Board of Shirt and Boys' Waist Makers.
 Shoe Workers, Joint Council No. 7.
 Joint Board of Dress and Waist Makers' Union.
 District Council of Painters and Decorators.
 New York Harbor District Council of Railroad and Steamship Clerks.
 Joint Council of the Fancy Leather Goods Workers.

INTERNATIONAL UNIONS DEMANDING TRADE WITH RUSSIA.

International Association of Machinists.
 Amalgamated Clothing Workers of America.
 International Ladies' Garment Workers.
 International Fur Workers.
 United Cloth Hat and Cap Makers.
 International Brotherhood of Firemen and Oilers.
 International Jewelry Workers.
 International Woodcarvers' Association.
 International Federation of Hotel Workers.
 Grand Division of Sleeping Car Conductors.
 Amalgamated Textile Workers' Union.
 Eastern Federation of the Brotherhood of Railway and Steamship Clerks.

(Additional resolutions submitted by Mr. Trachtenberg are here printed in the record, as follows:)

RESOLUTION ON DEPORTATION OF L. A. MARTENS.

Whereas the Department of Labor has ordered the deportation of Mr. L. A. Martens, the accredited representative to this country of the soviet Russian Government, whose activities were directed solely toward establishment of friendly relations between the peoples of the United States and Russia; and Whereas the decision of the Secretary of Labor in the deportation proceedings found Mr. Martens guilty only of the crime of being the representative of the soviet Russian Government, and exonerates him of all other charges originally made against him; and Whereas section 3 of the immigration act of October 16, 1918, under which the order of deportation is issued, provides "that this act shall not be construed to apply to accredited officials of foreign governments"; and Whereas the deportation of Mr. Martens removes further the possibility of the establishment of friendly relations between the two countries: Be it
Resolved, That we, 10,000 American workers, assembled in Madison Square Garden, January 2, 1921, condemn the action of the Department of Labor in ordering the deportation of Mr. Martens; and be it further
Resolved, That we request Mr. Martens to take to the Russian workers the greetings of their American brothers, and the assurance that we are utterly opposed to the treatment by the administration of the accredited representative to this country of the Russian soviet republic, as well as to the policies of the administration regarding relations between the United States and Russia; and be it further
Resolved, That copies of this resolution be sent to the State Department, the Department of Labor, and Mr. L. A. Martens.

RESOLUTION ON THE RUSSIAN BLOCKADE.

[Adopted at mass meeting in Madison Square Garden, Sunday, Jan. 2, 1921.]

Whereas the people of Russia have for the past three years been subjected to untold misery and privation because of an economic blockade maintained by the allied powers with the aim of forcing the Russian people to abandon a system of government which they saw fit to establish and continue to support and which the avowed principle of self-determination declared by our Government guarantees them; and Whereas this inhuman blockade to which the American Government has given its approval and support is hindering the Russian people from organizing their industrial life in order to relieve the critical conditions created by six years of continued war; and Whereas in common with the Allies the United States Government has been participating in open warfare or the support of invasions and internal assaults upon the sovereignty of the Russian Republic, although no war has been constitutionally declared by this country against Russia; and Whereas public opinion in the United States has been aroused against this monstrous murder of an innocent people so that the State Department announced on July 7, 1920, the nominal lifting of the blockade, without, however, permitting the effective execution of commercial transactions between this country and Russia; and

Whereas growing unemployment in this country could be materially relieved if Russia were permitted to make purchases of clothing, tools, machinery, and various other supplies which are needed by the Russian people in large quantities, while this country could secure raw materials which Russia can supply :
Be it therefore

Resolved, That this mass meeting of 10,000 American workers assembled in Madison Square Garden, January 2, 1921, protest against the further participation of the American Government in the various plots against soviet Russia and demand that all military, material, financial, and moral support be withdrawn forthwith from all those elements engaged in direct or indirect war upon Russia ; and be it further

Resolved, That we demand that the State Department take immediate steps to remove all obstacles to trade with Russia, to establish communication by post, cable, and wireless, to restore the right to travel between the United States and soviet Russia, and to permit the transfer of funds from Russia to be used in the purchase of American goods, to authorize the Treasury Department to receive Russian gold and exchange it for American money to be used in trade relations between the two countries, to allow authorized representatives of the soviet government to act in its behalf regarding all commercial transactions, and otherwise establish complete and unrestricted relations with Russia ; and be it further

Resolved, That copies of these resolutions be forwarded to the State Department, the Senate Foreign Relations Committee, and be given wide publicity.

I would just like to read in conclusion a letter received from the governor of New York, in which Senator Pittman may be interested.
(Reading:)

I may say that I have always consistently advocated the resumption of trade with Russia and such dealings with the de facto government there as may be necessary to bring this about.

Senator PITTMAN. I will state that it is of interest because I disagree with recognizing the de facto government.

The CHAIRMAN. You are not a native of the United States?

Mr. TRACHTENBERG. No ; I am a Russian. I have been here now 12 years ; have gone to Trinity College, Hartford, Conn. ; and I did graduate work at Yale College.

Senator POMERENE. And do you favor the soviet government in Russia ?

Mr. TRACHTENBERG. I am at present working in America, not in Russia.

Senator POMERENE. That does not answer the question. Do you favor the soviet government in Russia ?

Mr. TRACHTENBERG. I am prepared to offer all of the sympathy for the government that they have established for themselves.

Senator POMERENE. Are you trying to establish that form in the United States ?

Mr. TRACHTENBERG. No.

Senator PITTMAN. Would you like to see it established in the United States ?

Mr. TRACHTENBERG. If the American working class of this country decides to specify a form of government that suits them, and modeled perhaps on the same plan of a form of government as that proposed in Russia, that is, instead of geographical representation they have representation by industrial units, I believe it would be perfectly right to establish such a system.

Senator POMERENE. You favor the confiscation of private property, do you ?

Mr. TRACHTENBERG. I favor the nationalization of property by the government when that government decides to do that.

Senator MOSES. May I ask one question? How many are represented in your association, Mr. Schlossberg?

Mr. SCHLOSSBERG. Two hundred thousand members.

Senator MOSES. How many of those are citizens?

Mr. SCHLOSSBERG. The majority of them.

Senator MOSES. A large majority?

Mr. SCHLOSSBERG. A large majority.

Senator MOSES. In round numbers?

Mr. SCHLOSSBERG. I can not say in round numbers, but I know that there is a large majority. In every city I find a large majority of the members are citizens.

Senator MOSES. Is that especially so in New York?

Mr. SCHLOSSBERG. Yes.

Senator FRANCE. Mr. Chairman, I desire now, if it meets with the approval of the committee, to put on a witness to be heard in executive session.

Senator BRANDEGEE. I ask permission to insert in the record a letter received from Mr. John Spargo and also two articles from the Weekly Review.

The CHAIRMAN. Without objection they will be inserted in the record.

(The documents referred to are here printed in full, as follows:)

OLD BENNINGTON, VT., *January 24, 1921.*

HON. FRANK B. BRANDEGEE,
United States Senate, Washington, D. C.

DEAR SENATOR BRANDEGEE: I understand that there is to be a meeting of the Committee on Foreign Relations to consider the resolution of Senator France regarding trade with soviet Russia. Not being able to attend in person, I have prepared with much care a memorandum on the subject which I herewith inclose. I sincerely hope that you will be able to lay it before your colleagues and to make it part of the record, so that the facts contained in it may be accessible to all your colleagues.

Yours, very truly,

JOHN SPARGO.
By L. B.

THE QUESTION OF TRADE WITH SOVIET RUSSIA.

[A memorandum submitted to the Committee on Foreign Relations of the United States Senate, January, 1921, in connection with the hearing upon the resolution of the Hon. Joseph I. France, relating to the resumption of trade with soviet Russia, by John Spargo, author of "Russia as an American problem," etc.]

I. Introduction.—That the restoration of trade between the United States and Russia and its extensive development are desirable, scarcely admits of discussion or dispute. As a student of Russian history and politics during many years, I have long held that the interest of the civilized world in general, not less than that of Russia herself, require the intensification of Russian production, both industrial and agricultural, and the expansion of Russia's trade with other nations, especially those of the western world. Quite early in the World War, in the latter part of 1914, I set forth this view in an article which was widely commented upon at the time, and was translated into Russian and circulated among the leaders of the Russian democracy by my friend, the late M. George Plechanov. In my "Russia as an American problem," published in February, 1920, I set forth the same view at some length, fortifying it with an elaborate statistical survey of Russia's economic requirements and resources. In that study I examined with particular care the credit requirements of Russia and the basis for securing such credit.

From the foregoing it will be recognized that I am entitled to claim a sympathetic interest in the object of the resolution by Senator France. The rapid

rehabilitation of the agriculture of Russia is needed to help in putting an end to the famine conditions which prevail over such a large part of Europe, and her raw materials are scarcely less necessary for the revival of the world's industry. Provided only that it can be accomplished with safety to ourselves, and to the mutual advantage of the countries, trade with Russia should be resumed, upon the largest possible scale, regardless of communism. There can be no reconstruction of Europe, and no economic stability in the world, until Russia is brought into normal economic relations with other nations. Because that is my conviction, based upon the results of much study of the problem, I desire to see trade with Russia revived as quickly and as extensively as possible, and deplore the necessity of admitting that prolonged and careful investigation and study of all the available data have forced me to reach the conclusion that it is not possible for this country to enter into trade relations with soviet Russia, under existing conditions, without incurring serious risk of unprecedented economic disaster and revolutionary upheaval. In support of this view I desire to submit to the Committee on Foreign Relations the following observations and facts:

II. *The problem misrepresented.*—In a formal statement published on December 21, 1920, the former Secretary of the Treasury, the Hon. William G. McAdoo, said:

"I have long been convinced that we ought to reestablish trade relations with Russia. It is not necessary to recognize the soviet government to do this. Why should we refuse to let people in distress in Russia or elsewhere buy our products if they can pay for them, no matter what form of government they may choose for themselves?"

I find it difficult to comprehend that the man who, as Secretary of the Treasury, handled with such mastery the problems of war finance, could so thoroughly misconceive the very nature of the problem of dealing with soviet Russia. Ignoring the well-known fact that the present government of Russia, and the form of that government, can not by any stretch of the imagination be said to represent the choice of the Russian people, I desire to address myself to two other points in that statement.

Mr. McAdoo asks, "Why should we refuse to let people in distress in Russia or elsewhere buy our products if they can pay for them, no matter what form of government they may choose for themselves?" The issue here drawn does not exist in fact, as every member of the Senate Committee on Foreign Relations must be aware. Since the Government of the United States in July, 1920, removed practically all restrictions upon trade with Russia, except as applied to goods and materials for military uses—restrictions which amount to a limited embargo and not a blockade—every possible justification for such a view of the problem as that expressed by Mr. McAdoo has ceased to exist. In New Haven, Conn., a few days ago I saw large advertising posters conspicuously displayed, calling upon the thousands of unemployed workers in that city to demand the removal of the "blockade" of soviet Russia, which, it was alleged, was responsible for their unemployment.

The appeal emanated from well-known probolshevist sources. The danger of such an appeal to masses of unemployed men at th's time can hardly be overemphasized. It is, of course, quite easy to understand the recklessness of the probolshevist propagandists, but it is not so easy to understand why responsible statesmen should add to such dangerous propaganda the prestige and authority of their approval.

In all the communications made by the Government of the United States to other Governments upon this question, and all the published statements of policy relating to Russia made by the present administration, there is not a sentence which can be reasonably interpreted as an objection on the part of the Government or the people of the United States to Russia having a government by soviets. On the contrary, the Government of the United States has consistently recognized the right of Russia to maintain, as an inviolable prerogative of her sovereignty, any form of government she pleases, so long as she does not violate the rights of other nations or of their nationals. We do not "refuse to let people who are in distress in Russia or elsewhere buy our products if they can pay for them." That issue simply does not exist, either for the Government or the people of the United States, or the government or the peoples of any other nations. I make this statement in the most sweeping terms possible; it applies equally to the United States, its allies in the recent war, the enemy nations, and all the neutral nations.

III. Responsibility of the soviet government.—The fact is that instead of our Government refusing to let the people of Russia buy our products, the present soviet government refuses that right to its citizens. No Russian citizen is at liberty to buy goods in this or any other country and to import them into Russia. The soviet government has suppressed every right of private citizens, whether individuals or commercial corporations, to engage in foreign trade. In soviet Russia foreign trade, both export and import, is an absolute monopoly of the State. No trade with Russia can be had except through the soviet government itself. Mr. H. G. Wells, the English writer, in a widely published brief for the resumption of trade with soviet Russia, has had to admit that this is the case, and that "it is hopeless and impossible, therefore, for individual persons and firms to think of going to Russia to trade." He rightly insists that trade can only be had with Russia through the medium of the soviet government itself. That he is quite correct in making this statement there is an abundance of incontestable evidence, furnished by the accredited representatives and spokesman of the soviet government. For the present I shall content myself with a single citation upon the point: On June 8, 1920, the supreme economic council of the League of Nations addressed a series of 16 questions to the delegates of the soviet government. The first three questions were as follows:

"1. Are the delegates of the soviet government the only persons who have the right to carry on foreign trade outside Russia?"

"2. Is the soviet government the only body with which foreign traders will be allowed to do business in Russia?"

"3. What is the legal effect and what will be the consequences of contracts made; (a) with bodies and persons in districts of old Russia, which do not at present recognize the authority of the soviet government; (b) with bodies or persons in soviet Russia not included under question 2?"

On June 26, 1920, at the meeting of the supreme economic council, the Russian soviet delegation, Messrs. Krassin, Nogin, Rosovski, and Klyshko, were present and submitted their replies to the questions of the council. The replies to the three questions quoted above were as follows:

"1. The foreign trade of soviet Russia is a monopoly of the government. The organization through which this monopoly functions is the National Commissariat for Foreign Trade, which exercises its powers with the assistance of its representatives and agents. The delegation of the soviet government is the sole body which possesses full powers to carry out negotiations with foreign governments for the resumption of trade.

"2. The National Commissariat for Foreign Trade and its organizations is the only body with which foreigners will be able to carry out trade in Russia.

"3. The only contracts which have any legal recognition are agreements and contracts made with the Commissariat for Foreign Trade and its organizations. (a) No responsibility as to the fulfillment of agreements and contracts made "with bodies and persons in districts of old Russia which do not at present recognize the authority of the soviet government" can be taken by the soviet government, such agreements having no legal standing. (b) An answer can be given on examination of each individual case."

I respectfully submit that (1) the soviet government itself has suppressed the right of its citizens to trade with us, and that it is contrary to the fact to state that there are people in Russia needing our goods, for which they are willing and able to pay, who are prevented from purchasing such goods by any act of the Government or the people of the United States; (2) that there can be no important amount of trade with soviet Russia without recognition of the soviet government, for it is manifestly impossible for us to have trade transactions involving credits of many millions, and even billions, of dollars, with a government which we do not recognize and with which we are unwilling to maintain normal relations.

IV. The problem as it is.—The real problem of the resumption of trade with Russia, under existing conditions, resolves itself into the following: The soviet government, which rules without any other sanction than brutal force, wants to purchase, principally upon credit, several billions of dollars worth of our products. Outside of such securities for credit as it may have to offer it has a limited amount of gold and platinum and some raw materials, which it would offer in exchange for our goods. The sum of the value of the commodities it has to offer in exchange, including the gold and platinum, is so small in comparison with the volume of the value of the goods desired as to be almost

negligible. It is, and must of necessity be, principally a question of trade upon a credit basis.

The character of the soviet government, its stability, its resources, the degree of support accorded to it by the Russian people, the prospects of successful revolt against it and repudiation of its acts, its attitude toward foreign nations, and toward such of their nationals as may be its creditors are matters with which we may legitimately concern ourselves. More than that, they are matters of vital importance which we can not ignore or treat with indifference without incurring the risk of serious disaster.

I submit that the Government of the United States, like every other civilized Government, is in honor and morals bound to protect the interests of its nationals and to insist upon just treatment by other Governments, in accordance with the established principles of international law, for itself and its nationals. I submit, further, that if there is good reason to believe that the soviet government will not deal honestly and in good faith with such of our citizens as extend credit to it, but that in pursuance of a deliberate policy it will wrong them, the United States Government is abundantly justified in discouraging its nationals from entering into trade relations with the soviet government and warning them that if they do so they must do so at their own risk.

V. The testimony of H. G. Wells.—Upon this point the testimony of Mr. H. G. Wells, from whom I have previously quoted, is pertinent. The fact that Mr. Wells has indulged in certain superficial criticisms of the Bolshevik régime, and the further fact that he denies being a believer in bolshevism, must not be permitted to blind us to the significance of his testimony. He visited Russia upon the invitation of the soviet government, and as its guest. He enjoyed the privileges of a guest and was subject to a guest's obligations. His criticisms of the Bolshevik régime and his denial of belief in Bolshevism are simply the foil against which he sets to maximum advantage the argument in favor of trade with soviet Russia. Mr. Wells says:

"In all Russia there remain now no commercial individuals and bodies with whom we can deal who will respect the conventions and usages of western commercial life. The bolshevist government, we have to understand, has, by its nature, an invincible prejudice against individual business men; it will not treat them in a manner that they will regard as fair and honorable; it will distrust them and, as far as it can, put them at the completest disadvantage.

"It is hopeless and impossible, therefore, for individual persons and firms to think of going to Russia to trade."

That the statement of Mr. Wells is true will not be doubted by anyone who is familiar with the facts. The whole costly and far-reaching propaganda carried on in this country to persuade our business men that only our Government prevents their enjoyment of a trade with Russia from which immense profits might be derived, the repeated offers of valuable concessions to American capitalists, such as the much discussed Kamchatka concession to Mr. Washington B. Vanderlip and his associates, are thoroughly dishonest and intended to attain political power rather than commercial ends, as I shall presently attempt to prove by evidence which your honorable body will recognize as conclusive and incontestable.

For the moment, however, let me assume the correctness of the statement by Mr. Wells. If there are no individual business men or firms in Russia with whom American citizens can trade, and if it is "hopeless and impossible" for any individual citizens or firms "to think of going to Russia to trade," obviously there can be no alternative method of resuming trade with soviet Russia save through a revolution in our own economic system which would make our Government the sole agency for carrying on such trade. In other words, trade with Russia must be made a Government monopoly, the United States Government dealing directly with the soviet government. This means one of two things: Either we must go bodily over to communism, so that the communist government of the United States would deal directly with the communist government of soviet Russia, or the United States Government must itself assume the functions of a trustee and agent conducting trade with soviet Russia on behalf of such of our citizens as may seek profit through such trade. Bearing in mind the fact that the bulk of the goods required by Russia must be furnished upon credit, it would be necessary in either case for our Government to accept the securities of soviet Russia to the extent of billions of dollars.

If there are no commercial individuals or bodies in Russia with whom our citizens can trade, but only a communist régime, which has arrogated to itself

the powers of government, which is the only body empowered to trade, asserting sole ownership of all Russian resources, raw materials, agricultural products, industrial establishments, and the like; if moreover, that communist régime is confessedly incapable of treating our business men honestly, and is bound to "put them at the completest disadvantage," why should American citizens invest in such a poor risk? And if any considerable number of citizens do enter upon trade under these conditions, and are wronged by the bolshevist government, is it not practically certain that they will demand that the Government of the United States protect their rights, and that there will thus be drawn an exceedingly dangerous issue between the two Governments?

VI. *Bolshevist business methods.*—If it is useless for individual business men or firms to expect honest and honorable treatment at the hands of the soviet government, is there any good reason for believing that "capitalist governments" would be better treated? All the available evidence tends to establish the contrary. Confining myself for the moment to trade questions, let me cite a few specific cases from which individual citizens and our Government may well take warning: At the San Remo meeting of the supreme economic council, May 22, 1920, the British representative made a report formally protesting that a quantity of flax stored at Reval was being offered for sale by the agents of the soviet government, notwithstanding the fact that it had already been bought and paid for by the British Government. When I was in Sweden, in October, 1920, much indignation was being expressed by bankers and merchants in Stockholm because gold tendered to Swedish firms in payment for goods supplied, had been found to contain a large percentage of bismuth. Warned by the Swedish experience, British firms which were negotiating with the Krassin Trade Mission, demanded that a clause be inserted in the contracts providing for an assay of the gold before its acceptance. This was surely a reasonable enough proposal, and one which the soviet government could hardly have declined if it had been acting in good faith. As a matter of fact, the soviet representatives refused to agree to the demand and the negotiations were dropped.

On June 26, 1920, at the yearly meeting of the Deutch-Ost-Europaischer-Wirtschaftsverband, held at Elbfeld, Germany, the whole question of trade between Germany and soviet Russia was threshed out. Mr. Meyer, manager of the society, said:

"We have negotiated with the representatives of the soviet government in Berlin and in Copenhagen since 1919, and they have always tried (and failed) to fool us. They demanded offers of goods, promised a great deal, but as yet have done nothing. They have always found some excuse for not abiding by their word. * * * I do not think that it will be possible for private firms to trade with Russia in the near future."

Quite similar is the statement issued by the London representative of the Norwegian Government, in February, 1920. Though not charging the soviet government or its representative, Litvinov, with fraud, the statement did charge that Litvinov's commercial negotiations with Norway were merely camouflaged political efforts. Mr. Mjelde said:

"Mr. Litvinov's proposals are considered impossible from a commercial point of view, and in addition, he has made them dependent on conditions that would practically involve political recognition by Norway of soviet Russia."

At the meeting of the supreme economic council, July 26, 1920, a memorandum was submitted by the Norwegian representatives, setting forth that certain timber offered for sale by the agents of the soviet government was the property of a Norwegian firm, and warning was given that necessary steps would be taken to contest the claims of any other person or persons to that timber. In connection with the Norwegian protest, the British foreign office, after consulting with the supreme economic council gave this significant pledge: That the regulations which will be established in respect of goods hitherto belonging to British merchants and at present seized by the soviet government, will be extended fully to foreign traders. According to that pledge, the rule laid down by the British courts in a recent case involving title to certain timber disposed of by the soviet government would be applied to all similar cases in Great Britain, regardless of the nationality of the claimants.

In the British case in question, a Russian firm having a branch in England, secured a writ of attachment against certain timber which arrived at a British port from soviet Russia. It had been sold by Krassin and his colleagues, acting as the agents of the soviet government to a British firm. The claimant company proved that the timber had belonged to it and had been confiscated by

the bolshevist government in 1918. The judgment of the court returned the timber to its original owners and denied the validity of the confiscation by the bolsheviks and the subsequent sale. The decision of Mr. Justice Roche, which is of the utmost importance in connection with this whole question, set forth that the right of the soviet government to confiscate and consequently dispose of property could not be admitted in Great Britain, because "the British Government had never recognized the soviet government, which in this country (Great Britain) had, therefore, no legal status." It is apparent that, according to Mr. Justice Roche, recognition of the soviet power as the *de jure* Government of Russia would make it legal for one British trader or set of traders to receive in payment the goods belonging to another trader or set of traders.

VII. *The soviet government and "concessions."*—Leaving the question of recognition of the soviet government for examination a little later on, let me deal very briefly, with the matter of economic concessions, and in particular the bolshevist policy as illustrated by the dealings with the Vanderlip syndicate already referred to. We must remember that the concessions were offered to American citizens in part return for goods valued at several hundreds of millions of dollars by the soviet government, which is seeking credit here to the extent of several billions of dollars and, at the same time, full recognition by our Government. I quote translations of extracts from speeches by Lenin and Zinov'ev published in the official bolshevist press, and respectfully suggest that the Committee on Foreign Relations request the State Department to supplement these with the translation of other important statements by the responsible leaders of the soviet power upon questions of international policy. The following passage is from an important address delivered by Lenin at the Moscow Convention of the Communist Party in November, 1920, and reported in the Petrograd Pravda:

"The differences between our enemies have recently increased, particularly in connection with the proposed concession to be granted to a group of American capitalists sharks, headed by a multimillionaire who reckons upon grouping around himself a number of other multimillionaires. Now, all the communications coming from the Far East bear testimony to the fact that there is a feeling of extreme bitterness in Japan in connection with this agreement, although the latter has not been signed yet and is so far only a draft."

On November 23, 1920, the official bolshevist paper, the Krasnaya Gazetta, published a report of the same address containing the following paragraph dealing with the subject of concessions:

"Our granting of concessions to the American millionaires will serve to make relations between Japan and America more strained. There is already talk in Japan that Russia is driving it to war with America. We shall utilize their conflict for our own interests. By signing concession agreements with the bourgeoisie, we gain a moral as well as material victory. Our foes, burning with desire to crush us by armed force, are now compelled to conclude agreements with us and to contribute to our consolidation and strengthening. To condemn us for signing the concessions would be right only if we were able to overthrow capitalism throughout the world with the effort of one country."

On December 1, 1920, the Petrograd Pravda, No. 270, published the report of yet another speech upon this subject by Lenin. According to this official bolshevist newspaper, in addressing a meeting of secretaries of the Communist Party Nuclei—the organization through which the numerically negligible bolshevist minority contrives to dominate the majority—Lenin said:

"We have been offered a plan of concession on Kamchatka for 10 years. The American billionaire stated frankly that America wants to have in Asia a base for the eventuality of war with Japan. This billionaire said that if we will sell Kamchatka, he can promise us such an enthusiasm among the population of the United States that the American Government will immediately recognize the soviet power in Russia. If we shall merely lease it, the enthusiasm will be smaller."

"Until now we have defeated the bourgeoisie because it does not know how to act in unison. Now the enmity between the United States and Japan is growing. We shall take advantage of this and offer to lease Kamchatka, instead of giving it away gratis. Has not Japan grabbed from us an immense stretch of land in the Far East? It is far more advantageous to us to lease Kamchatka and obtain from there part of its products, since in reality we do not control it anyhow, and can not use it."

"The agreement has not yet been signed, but we are already at this time intensifying the friction between our enemies. Also, it is a good form of concessions. We shall give away a few million dessiatines (1 dessiatine equals

2.7 acres) of forest in the Archangel Province which we are unable, in spite of our best efforts, to exploit. A chess-board system will be established whereby our own parcel of forest comes alongside of a leased concession, and this we shall be able to exploit, and our workers will thus learn technical skill from them. All that is very advantageous to us.

"Concessions are not peace. They are also war, only, only in a different form, more advantageous to us. The war will be fought on the economic front. It is possible that they will try to restore free trade, but then they do not sign the agreement alone, without us. They are bound to abide by all our laws, and in case of war the whole property remains ours by right of war. Concessions are merely a continuation of the war on an economic plane, only in this case we no longer destroy but, on the contrary, develop our productive forces. No doubt they will attempt to deceive us and to evade our laws, but then we have with us the all-Russian, the Moscow, the provincial, and all the other extraordinary commissions, so we do not fear them."

Thus the Bolsheviks are relying upon the red terror to deal with our investors. On December 8, 1920, Zinoviev, by many regarded as the ablest and most influential Bolshevik leader next to Lenin, delivered an important address at a meeting in Petrograd. From the report of that address published in the *Pravda* of Petrograd, number 281, December 14, 1920, the following paragraphs are quoted:

"The position is this: Our socialist republic is encircled by capitalism. Obviously, socialism and capitalism can not maintain neighborly relations for any length of time. History knows of two issues: Either the world revolution, or capitalism must win. But the period of "balance" will last several years. Meanwhile the forces develop in such a manner that socialism is gaining strength, while capitalism is waning.

"The question of concessions is a question of economic peace between ourselves and the powers of the west. Some people call this a Brest-Litovsk. Such, however, is not the case. If we are in need of commercial relations with the west, the western powers stand in greater need of trade with us owing to the unprecedented industrial and economic crisis.

"It is likewise wrong to state that in granting concessions to western capitalism, Russia will come under its influence and become its colony. Concessions would have long since been agreed to by the west had they been altogether profitable. If there be any danger in concessions the danger is solely to the western capitalists, into whose camp the concessions may bring a severe split.

"To use plain language, the gist of the matter is: Who is going to be outwitted? We think that we shall outwit them, as we shall be capable of defending ourselves in the encounter with the business men of the west.

"The economic side of the question is very important. In carrying out the concessions, the capitalists will be compelled to erect all kinds of plants which will in the end remain in our possession. As a matter of fact, in the present conditions the capitalists are but a medium for the transfer of the riches they have accumulated to the common use of the world at large.

"It is therefore not a question of selling the country, but of using western capital for world revolution. That is our view which is shared by the workmen of the west * * *.

"Fears are being expressed that foreign capital will cling to our property, will endeavor to cheat and deceive us, and will exploit our riches in a rapacious manner. In this connection, we shall see to it that they, and not ourselves, are the losers.

"Together with our raw material, we shall call to the west the revolutionary spirit, the proletarian unity which have remained us in power for over three years. We must try to remain at peace with all countries as long as possible. Concessions are one of the means to this end. It is stipulated in our treaty that the owners of the concession lose all the rights granted to them by the agreement as soon as hostile action is taken by the respective government. It should be noted that questions of war and peace are decided by big bankers. War against us would obviously be against their interests."

VIII. *The question of security for credit.*—From these typical utterances by the responsible leaders of the soviet power, which might easily be supplemented by many editorial declarations from the official bolshevist press conceived in the same spirit, it is apparent that the Bolshevik policy of offering to grant great economic concessions to American capitalists, is part of a Machiavellian policy, which has for its object the embroilment of this and other nations in

controversy and, eventually, war. It has no important bearing upon the present economic needs of Russia. Such concessions as that offered to Mr. Vandenberg, like all the other concessions offered to German, Swedish, and Norwegian syndicates, and by them rejected, must be entirely worthless unless there is a large investment of capital to exploit them. For such investment it is necessary that there should be at least that measure of security which can only rest upon the good faith of the Government granting the concession. From the foregoing utterances by Lenin and Zinoviev it can be clearly seen that there is not, and there can not be, any assurance that the bolsheviks will not confiscate the capital invested in such concessions and cancel the concessions themselves, if and when it suits their purpose so to do. The menace of confiscation is clearly expressed in the utterances quoted. After all, this is perfectly natural and not at all surprising. Why should we expect the bolsheviks, whose primary object is the destruction of capitalism, and who have confiscated the capital of Russian capitalists with remorseless severity, to tolerate American capitalists in Russia one day longer than desperate need forces them to do so?

To the members of the Senate Committee on Foreign Relations, and to all my fellow citizens, I respectfully submit that while this country needs a great extension of its foreign trade upon the basis of long-time well-secured credit, and can best serve the harrassed and stricken nations of Europe thereby, nothing could be more dangerous to us than to attempt such a large volume of trade upon the basis of insecure credit, and especially to incur the risk of probable repudiation by the debtor nations. We know that the avowed purpose of the present rulers of Russia is the destruction of the prevailing economic system throughout the world, and the overthrow of all existing noncommunist governments. Can we suppose that they would fail to perceive that by repudiation of their obligations to our manufacturers and traders and by the confiscation of millions or billions of American investments they could precipitate a disastrous crisis in this country? Can we reasonably believe that perceiving this opportunity they would fail to make use of it? Let there be no mistake made upon this point: We have already strained our economic system to the limit of safety. Such a financial and industrial crisis as could easily be precipitated by the soviet power by means of the repudiation of its obligations to us and the confiscation of American investments, and the inevitable ruin of our enterprises consequent thereon, might easily prove the means of bringing about the collapse of our entire economic system. Nothing could well be more certain or obvious than the fact that such an extensive trade with Russia, under existing conditions, would be an invitation to economic bankruptcy and to revolution.

May I remind you, in this connection, that danger of repudiation and its disastrous consequences rest not only upon the perfidy of the bolsheviks but equally upon the patriotism of the democratic antibolshevist forces of Russia? Paradoxical as this may at first seem, it is entirely natural and quite easy of comprehension. The Russian people are not, and can not be, reconciled to bolshevist rule. The struggle against that infamous tyranny goes on. Soon or late—perhaps sooner than we are ready to meet the responsibility which will thereby be placed before us—the bolshevist rule will either collapse of its own rottenness or be overthrown. When that happens it is morally certain that all agreements entered into by it will be repudiated and annulled. On March 2, 1920, there assembled in Paris a representative conference of Russian political leaders representing most of the democratic political Russian groups. That conference declared that—

"The Russian people will never consider the agreements between the soviet rule and other countries as binding upon them. They will not confirm any arrangement by which the property looted by the soviet rule from Russian citizens will be accepted in exchange * * * Still less will the Russian people tolerate the distribution, in its name and on its account, of any of the State property of Russia."

That declaration was signed by Prince G. E. Lvov, former prime minister in the Russian provisional government; I. I. Petrunkevitch, the founder of the Constitutional Democratic Party; A. I. Kononov, former vice prime minister and minister of trade and industry in the Russian provisional government; Prof. Paul Miliukov, former minister of foreign affairs in the provisional government; M. M. Vinaver, chairman of the central committee of the Constitutional Democratic Party; Vladimire Nabokov, leading member of the Constitutional Democratic Party; Boris Savinkov, former minister of war in the provisional government and a prominent socialist revolutionist; M. I. Stakhovich, E. N. Kedrin, F. I. Rodichev, A. Smirnov, M. S. Adjemov, Prof. Boris Nolde,

Prof. M. I. Rostovtsev, P. N. Gronskey, S. Metalinkov, S. G. Lianozov, and A. I. Ratkov-Rojnov.

On March 14, 1920, another conference was held in Paris, at which prominent leaders of the all-Russian constituent assembly, which the bolsheviki suppressed by force of arms, and the party of socialists-revolutionists, which in the elections of 1918 proved to be by far the largest political party in Russia, were present. Among the conferees was Kerensky, whose recent return to the leadership of the antibolshevist forces of democratic Russia is significant. A notable declaration issued by this conference ends with these words:

"We know that Russia still has to pass through grave trials, but we also know that Russia will again become a great democratic country. And the treaties and obligations which her present rulers may assume to conclude in her name and bind her with can not be regarded as obligatory and binding upon future Russia."

IX. *The danger of extensive trade on credit.*—Having regard to these things, I submit that large investments in soviet Russia, or the extension of any considerable amount of credit to the soviet power—which is exactly what extensive trade with Russia means—would jeopardize the entire economic life of America. Russia's needs are enormously in excess of any capital she has or can build up in any reasonable time. In the 10 years immediately preceding the World War Russia's capital-building capacity amounted to not over 1,000,000,000 rubles (gold) per annum; her present pressing needs call for an expenditure of not less than 30,000,000,000 rubles (gold) in the first three years. This is obviously far in excess of her own capacity, and must be furnished by foreign investors, if at all. Foreign capital requires security, and bolshevism, by its very nature, denies that security. To eliminate capital and profit upon capital is the *raison d'être* of bolshevism. To accomplish that end the bolshevist rulers of Russia are ready and willing to use all possible means, including confiscation and repudiation of every obligation. We have only to suppose millions or billions of American capital to be invested in Russia—goods supplied on the credit basis of Russian securities, for example—and the whole investment confiscated and all obligations repudiated by the soviet government, to realize how disastrously such a policy by the soviet government would affect every American family, especially the wage earners. It is no ordinary hazard of commerce that we are asked to take; it is to stake our own existence upon credit no more secure than the promise of men who have already revealed their intention and purpose to default whenever and however they can.

Convinced as I am of these things, I do not think that the United States Government should prevent American citizens who want to trade with the soviet government, and are prepared to assume all the risks, from doing so. It does not seem to me to be the duty of the Government to place special and unusual obstacles in the way of such trade relations, except, of course, in so far as refusal to recognize the soviet power makes trade more difficult than it would otherwise be. Our present policy is identical with that expressed at San Remo by the French and Belgian delegates, on June 7, 1920, namely, "that anyone who is willing to trade with soviet Russia should do so at his own risk and peril, without any official support or assistance." That policy is entirely sound. At the same time, for the reasons already given and for others to follow, I would advise American traders against attempting to trade with soviet Russia, except in a very small way and with the most complete insurance against loss.

X. *Other nations and trade with Russia.*—Turning now to the purely economic aspects of the subject, it is a significant fact that, notwithstanding their close proximity to soviet Russia, their keen interest in developing trade with Russia as manifested by the activity of their numerous trade commissions, and the fact that, owing to the state of international exchange rates, they are in a far better position to trade with Russia than we are, Germany and the Scandinavian States have not thus far succeeded in consummating any important amount of trade with soviet Russia. I respectfully suggest that from the Department of Commerce the Committee on Foreign Relations can secure abundant evidence of the truth of this statement, furnished by our consular representatives. I take steel as an example. It is very well known that one of the most pressing needs of soviet Russia at the present time is a supply of steel rails and other steel and iron products.

It is perhaps less well known, but equally true, that Germany possesses excessive stocks of these very products. She has been obliged to cut her prices about 50 per cent in order to get rid of this excess. She is at the present

time underselling every steel-producing nation, including the United States, and the effect of that competition is reflected in the condition of the American steel industry. We could not supply the Russian demand at prices which would compete with the German prices. At the same time Germany is in dire need of such food products and raw materials as Russia normally exports. She would welcome the barter of her excess steel and iron products for grain, for example, whereas no such trade would be possible for us with our own abundant grain supply. Yet the fact remains that Germany has not been able, despite vigorous efforts on the part of her statesmen and business men, to effect any such exchange.

In this connection, let me call attention to the fact that when I was in Stockholm in October, 1920, I was credibly informed that at Riga there was an immense amount of merchandise which had been consigned to soviet Russia by British firms, and was being held up at Riga because the bolshevist purchasing agencies either could not or would not pay for the goods. I was credibly informed that these goods consisted for the most part of things vitally necessary to the people of Russia, such as agricultural implements, leather goods, electrical machinery, condensed milk, and so on. The representative of one British business house informed me that these goods were being returned to England in some instances and in others sold in the Scandinavian countries at a considerable loss. Since that time the Latvian paper, *Poja Koeln*, has published an interesting article corroborating this statement of conditions. Doubtless the Russian division of the bureau of commerce and industry could furnish your committee with precise and detailed information upon this most important point.

It is now quite well established that soviet Russia does not possess any large superfluous stocks available for export. The legend of the "bursting corn bins," referred to by Mr. Lloyd-George in a famous speech in the House of Commons, has now been thoroughly exploded. Russia's natural resources are practically unlimited, but there is a world of difference between potential wealth, such as ores in the ground, and actual wealth, such as mined ores ready for shipment. Such supplies as there are in soviet Russia to-day are stores left over from the old régime, and, except in very insignificant instances, are needed by the Russian people themselves. This is the uniform testimony of the responsible bolshevist officials. The Moscow *Pravda*, official organ of the bolsheviks, summed up the matter on January 3, 1920, when it said:

"Hitherto we have been living on the stores and machinery, the means of production, which we inherited from the bourgeoisie. We have been using the old stores of raw material, half manufactured and manufactured goods. But these stores are getting exhausted, and the machinery is wearing out more and more."

In that same month Rykov, president of the superior council of the national board of economy, declared that the lifting of the blockade could not solve the raw-material crisis, but, "on the contrary, the lifting of the blockade * * * will mean an increased demand for raw materials, as these are the only articles which Russia can furnish to Europe in exchange for European commodities. The supplies of flax on hand are sufficient for a period of from eight months to a year. But we shall not be able to export large quantities of flax abroad."

There is no possibility of any large exports of flax or of wheat from Russia. Any exportation of these must be at the expense of additional misery and suffering inflicted upon the Russian people. How miserably the attempt to exchange Russian wheat for Italian manufactured goods terminated is presumably well known to your committee. The bolshevist economist, Bagaiev, correctly said, in the *Ekonomicheskaya Zhizn* in September last, that "There can be no question of the existence of any surplus for export. We shall have to export what we are greatly in need of ourselves, merely for the purpose of getting something still more indispensable in exchange. Every imported locomotive, every plow we get, will have to be paid for literally with strips carved from the body of our national industries."

I ignore for the moment the question of the right of the soviet government to dispose of the stocks of commodities they have seized and confiscated, and the question of our right to receive them in trade, and submit simply that it is quite evident that all the commodities the soviet government has available for export, including the entire gold and platinum reserve, together amount to only a small fraction of the value of the goods sought; that so far as that portion of the possible trade is concerned we are in no position to compete with Germany, for example, in view of her readiness to do a barter trade upon the basis of prices

we can not possibly meet; that what soviet Russia requires from us is an enormous amount of credit, for which there is no security in sight. As an economist I have no hesitation in saying that there can not be any satisfactory security for extensive credits to Russia until there is such an organization of her productive capacity as bolshevism by its very nature precludes.

XI. *The gold supply of soviet Russia.*—About a year ago, as the result of extensive inquiries, I reached the conclusion that the total gold and platinum reserve of Russia did not exceed 600,000,000 rubles, or about \$300,000,000. When I was in London in September and October last I checked up my figures against those compiled by the highest authorities in England, and found that these investigators, working quite independently, had arrived at practically identical conclusions. Since that estimate was made there has been some augmentation of the total from various sources, including military conquest, confiscations, and mining, but the expenditure for goods and propaganda abroad has certainly been greater. It is certain that the total now in possession of the soviet government does not exceed 500,000,000 rubles, or \$250,000,000. That this estimate is excessive is practically certain. The facts speak for themselves and require no interpretation at my hands.

A very considerable part of the gold in possession of the soviet government, approximately \$120,000,000, belongs to Roumania. It is part of the Roumanian gold reserve which was sent to Moscow for safe keeping before the revolution of 1917, when there was danger that it would fall into the hands of Germany. The Roumanian Government has laid claim to this gold, and there can hardly be any dispute as to the validity of the claim. Waiving once more the not unimportant questions of honor and morality involved, it is apparent that to accept such gold in payment for goods is a very risky business. In addition there are other claims lodged against this gold, notably that of France. It is reported upon credible authority that the French, who are occupying Memel on the Baltic, confiscate all gold which they find being exported from Russia, even taking it from the persons of travelers. They insist that the indebtedness of Russia to France, on account of the great loans to the former Russian Government, must be regarded as a first lien upon the gold of the Russian Government. In addition to that, at the meeting of the supreme economic council last April, the French delegate gave formal notice that France would claim the 50,000,000 francs belonging to the French Government which was on deposit in the Russian State Bank and confiscated by the bolsheviks. The claim of the French Government set forth that France will "in no circumstances recognize the right of the soviet government to dispose of the Russian gold reserve," and will "institute proceedings against all institutions and individuals" who agree to accept gold payments from the soviet government or its agents. When we add to these claims by governments with which we were allied in the war the notification by the Norwegian Government respecting the timber confiscated from its nationals, it becomes quite evident that we can not accept stolen goods in trade without incurring the risk of serious international complications.

XII. *The question of recognition of the soviet government.*—I return once more to the fact that trade with soviet Russia upon any considerable scale necessarily requires recognition of the soviet power as the de jure government of Russia. All the trade that is possible without such recognition can be had within the limits of our existing policy, without the necessity of changing as much as a single comma in the regulations laid down by our Government. It is easy to see that in the absence of such recognition there are some difficulties involved, but these are by no means insuperable. They are not greater than those which exist in the case of Mexico, for example. It is also quite easy to see why the bolsheviks are so anxious to secure political recognition. Their motives are both economic and political. In the first place, recognition would stamp with a certain legality their confiscations and their trade in stolen goods. More important than that, however, is the facility it would afford them to promote social revolution in this country.

The bolsheviks are pledged to a policy of promoting social revolution throughout the world, and they have used the privileges and immunities granted to their agents and envoys in various countries to foster revolt and to promote intrigues and conspiracies subversive of the existing government. This they have done without a single exception, so far as I have been able to discover. The Department of State could doubtless furnish your committee with an illuminating record upon this subject. On July 18, 1920, the Krasnaya Gazetta published an article by Kamenev, the well-known bolshevist leader, in which he

said: "Yes; we are hatching a plot against Europe here in Moscow and are hatching it openly." On August 14, 1920, the Petrograd Pravda said: "Russia again forms the focus of world politics. Red troops are hewing a way for the communistic revolution toward Europe, and are overthrowing the treaty of Versailles, thereby relieving the fetters imposed upon Germany by the Versailles treaty." These representative utterances must be considered in the light of Lenin's declaration to the conference of the third international, December, 1919: "The international policy of the soviet government is guided by a realization of the interdependence of soviet Russia and world revolution." They must be considered in the light of the statement in the article by Radek, published in Maximilian Harden's *Zukunft*, February, 1920, that "soviet Russia, by its very existence is a ferment and propagator of the inevitable world revolution," and of Trotsky's statement in February, 1918, "Our whole policy is built upon the expectation of this revolution."

I call the attention of the Committee on Foreign Relations to the following clauses contained in the 21 conditions of admission to the third international, formulated by Lenin, the supreme head of the soviet power:

"In most all the countries of Europe and America the class war is entering the phase of civil power. Under such conditions communists can have no confidence in bourgeois legality. They are bound to create everywhere a parallel illegal organization which at the decisive moment will help the party to fulfill its duty toward the revolution. * * * The duty of spreading communist ideas embraces the special obligation to conduct a vigorous systematic propaganda in the army. Where this agitation is hindered by exceptional laws it is to be carried out by illegal means."

I do not attempt to interpret the foregoing characteristic bolshevist statements, nor do I comment on them. I desire simply to ask your honorable body to take cognizance of the fact that all the agreements the bolsheviks have yet made with so-called bourgeois governments they have violated and treated as mere "scraps of paper." When in June, 1919, the British Government arranged for the shipment of relief supplies for the alleviation of the suffering of the civilian population of Russia, the soviet government, despite its solemn pledge, seized the supplies and appropriated them to the use of the red army. In like manner they violated their agreement in the matter of trade with the cooperatives. They sent the representatives of the cooperatives to the United States and to England and France to arrange for the resumption of trade with Russia through the medium of the cooperatives. On January 16, 1920, the supreme economic council of the League of Nations agreed to resume trade with Russia through the cooperatives, but the soviet government refused to permit it, insisting upon recognition as a condition *sine qua non*.

On August 27, 1918, the soviet government signed an agreement with Germany, an agreement initiated by itself, by which it undertook not to indulge in "any agitation against the State and military institutions of Germany." Immediately thereafter it began to violate the agreement and sent millions of rubles to Berlin for revolutionary propaganda—a fact admitted by Tchitcherin, the soviet foreign minister, in an official note to the German foreign office, the text of which was published in *Izvestia*, December 26, 1918. Joffe, the accredited bolshevist ambassador to Germany, after his expulsion for his shameful misuse of the customary diplomatic privileges and immunities, boasted that "the Russian Government as a whole, and its accredited representative in Berlin, never concealed the fact that they were not observing this article and did not intend to do so." Recently Germany has had another unpleasant experience with the bolsheviks, though this concerns representatives of the third international and not of the soviet government as such. In practice this distinction is of very little consequence. Permission was given to the bolshevist delegates, Losovski and Zinoviev, to visit Germany in connection with a socialist congress. The permit was given on the explicit understanding to refrain from political agitation. Both men so shamefully violated the terms of the agreement that Dr. Simons, the German foreign minister, had to cause their expulsion from the country.

Every Government that had official relations with the bolsheviks through accredited envoys has been treacherously attacked and compelled to expel the envoys for flagrant offenses, including the misuse of their diplomatic privileges and immunities to foment revolutionary agitation. Great Britain had to expel Litvinov, the bolshevist diplomat. It was proved in a British court that Litvinov had used his privileged position to incite revolutionary conspiracies to overthrow the British Government. When Litvinov was chosen to head the

soviet trade mission to England last year the British Government refused to receive him, so Kamenev was sent instead. Kamenev's conduct was so outrageous that he was compelled to leave the country. He deliberately altered official messages from his government which he had been ordered to submit to the British Government for the purpose of misleading the latter, and in spite of pledges given by himself and his government that he would abstain from all propaganda, direct or indirect, he actively participated in the subsidizing of the Daily Herald out of funds realized from the secret and illegal sale of stolen Russian jewels. Not in diplomatic history for a hundred years, I venture to say, can there be found any parallel to the excoriation of this bolshevist diplomat by Mr. Lloyd-George, the British premier, on September 10, 1920, in a five-hour conference.

Switzerland had to expel the accredited bolshevist representatives for their intrigues, taking them to the Swiss frontier in guarded motor cars. Denmark had to compel the regular bolshevist envoy and Litvinov, the bolshevist trade representative, to leave the country on account of their participation in movements aiming at revolution in Denmark. Sweden, which had a Social-Democratic government and readily received the bolshevist minister, had to expel him and close the legation. Litvinov, who had been permitted to reside in Christiania and to conduct trade negotiations on behalf of soviet Russia, was ordered to leave the country by the Norwegian Government, again because of his participation in movements directed against the very existence of the Norwegian State.

This is only a partial record such as a private individual has been able to gather from such sources as are open to private individuals. Doubtless the Department of State is in possession of much more complete data. Upon the basis of the evidence herein contained, I respectfully submit to the Committee on Foreign Relations of the United States Senate that two conclusions are irresistible, namely, (1) that there is no reason for changing in any particular the present policy of refusing to recognize, hold official relations with, or receive the agents of the soviet government; (2) the present policy with respect to the regulations of trade relations with soviet Russia should be maintained as being in complete harmony with American ideals and the best traditions of our dealings with other nations.

Respectfully submitted.

JOHN SPARGO.

[From The Weekly Review, Jan. 12, 1921.]

THE PROBLEM OF TRADING WITH SOVIET RUSSIA.

IN TWO PARTS: PART ONE.

In a formal statement published on December 21, 1920, the former Secretary of the Treasury, the Hon. William G. McAdoo, lent his powerful support and influence to the extensive and widespread propaganda in favor of establishing trade relations with Soviet Russia. Highly as I respect Mr. McAdoo and admire his judgment, and reluctant as I am to enter into a controversy with him, the propaganda which is thus reenforced by his utterance seems to me to be so sinister and dangerous that I am constrained to point out what seem to me to be the dangerous elements in Mr. McAdoo's argument. I can not believe that the man who as Secretary of the Treasury displayed so admirable a grasp of the problems of war finance has given any serious thought to this problem of trading with soviet Russia. Mr. McAdoo says:

"I have long been convinced that we ought to reestablish trade relations with Russia. It is not necessary to recognize the Soviet Government to do this. Why should we refuse to let people in distress in Russia or elsewhere buy our products if they can pay for them, no matter what form of government they may choose for themselves?"

The interrogation is obviously an argument in support of the opinion set forth in the first sentence. As such, it is wholly inconsequential, immaterial, and irrelevant. It is a remarkable example of the manner in which essential questions are frequently ignored in discussing this subject and false and fictitious issues raised. The implication of the question is that suffering people in Russia who are able and willing to buy our goods, and pay for them, are denied the opportunity to do so by our Government, simply because they have chosen for themselves a form of government of which our Government does not

approve. If that were true, it would be a terrible indictment of the administration of which Mr. McAdoo was so distinguished a member. But in the question as formulated no student of the Russian situation will be able to recognize anything but a caricature of the real problem of establishing trade relations with soviet Russia.

As everybody who knows anything at all about the problem must be aware, the people of Russia have not had a chance to "choose for themselves" the "form of government" they desire. While I would not unduly stress this point, it is too important to be ignored and too material and pertinent to the discussion. It is a matter of common knowledge and of record that the only government that has existed in Russia by virtue of any choice of her people since the overthrow of Czarism, the Provisional Government, composed of representatives of practically all the political parties of Russia, was immediately given full and unconditional recognition by the Government of the United States. It is equally well known that when that Provisional Government honestly tried to enable the people of Russia to choose "the form of government" best suited to themselves, and brought about the convocation of a great popularly elected constitutional convention, that representative democratic body was dispersed by armed forces acting under the direction of the men who since that time, without any sort of mandate from the people, have ruled Russia by despotic might. To speak of the present soviet government of Russia as having been chosen by the people of Russia is to darken counsel.

It is equally far from the truth to suggest, as Mr. McAdoo does in the paragraph I have quoted, that there are people in Russia needing our goods, for which they are willing and able to pay, who are denied the opportunity to buy the goods because of our objection to their "form of government." I have carefully read every communication made by the Government of the United States to other Governments, so far as these have been made public, and every published official and semiofficial statement of policy made by the present administration. In all that mass of material there is not a single sentence which says that we object to Russia having the soviet form of government. Neither is there a sentence which can be reasonably interpreted as implying anything of the sort. On the other hand, it has been emphasized that we recognize, as an inviolable element of her sovereignty, the right of Russia to maintain any form of government she pleases, so long as she does not violate the rights of other nations or of their nationals.

Now that the blockade has been lifted, we do not "refuse to let people who are in distress in Russia or elsewhere buy our products if they can pay for them." That issue does not exist in fact. Not only does it not exist for the Government or the people of the United States; it does not exist for the Government or the people of any of the nations with which we were allied during the war. No such question is troubling the statesmen or the manufacturers and merchants of any country. If we are going to discuss the important subject of trade with Russia at all, we should discuss it with intelligent comprehension of the actual issues in controversy.

Now, the fact is that instead of our refusing to let the people of Russia buy our products, the present soviet government refuses that right to its citizens. No Russian citizen is at liberty to buy goods in this or any other country and to import them into Russia. That is the first fact to be set down. The soviet government has suppressed the right of private citizens, whether individuals or commercial corporations, to engage in foreign trade, whether import or export, or both combined. It has made such foreign trade an absolute monopoly of the State, and, consequently, no trade with Russia can be had except through the soviet government itself. That being the case, it is difficult to understand how Mr. McAdoo can say so positively that to establish trade relations with soviet Russia "it is not necessary to recognize the soviet government." The leaders of the soviet government are quite certain that it will not be possible to trade with them to any important extent without recognizing them. In view of the fact that every important trade transaction involves dealing directly with the soviet government, there is a curious unreality about Mr. McAdoo's assurance.

Be that how it may, the correct statement of the problem is this: The soviet government, which rules without any pretense of the sanction of the Russian people, or any other sanction except force, wants to buy our products to the extent of billions of dollars' worth, principally upon credit. It is not a question of selling products to Russian firms, for cash or upon credit, in the ordinary

way, but of selling millions—and even billions—of dollars' worth of goods to the Russian Government, mainly upon credit. Now, I respectfully submit that the character of that Government, its stability, its resources, the degree in which it is supported by its citizens, the prospects of revolt against it and the repudiation of its acts, its attitude toward foreign nations and toward their nationals who are its creditors, are all pertinent and important matters which are inextricably bound up with the problem of whether or no trade relations with such a power are desirable, and, if so, to what extent and how they can be established and maintained.

It is childish and silly to assert, as the propagandists of soviet Russia do, that we ought not to concern ourselves with the character of the Russian Government. Surely, one of the first duties of a Government is to protect the interests of its nationals and to insist that other Governments deal justly with them in accordance with the established principles of international law. Where a Government is itself directly guilty of deliberately injuring the citizens of another friendly Government, the issue is drawn between the two Governments and sometimes eventuates in war. If, therefore, there is good reason to believe that the soviet government will not deal honestly with such of our citizens as deal with it and extend credit to it, but that it will deliberately wrong them in pursuance of a policy of its own, the United States Government is justified in discouraging its nationals from entering into such trade relations, and warning them that if they do so they must do so at their own risk. Not only is it justified in doing this; it is under moral obligation not to do less. Any Government which failed thus to safeguard the interests of its citizens would forfeit all claims to their loyalty and the respect of other nations. So much belongs to the primer of political science, yet it is unfortunately necessary to bring it to the attention of the molders of public opinion, and even of responsible statesmen.

Concerning the desirability of the restoration of our trade with Russia, there can be no serious difference of opinion among thoughtful and well-informed men—always provided, of course, that it can be done with safety to ourselves and to the mutual advantage of the two countries. The Government of the United States has clearly recognized this, and as long ago as last July removed practically all restrictions upon trade with Russia except as applied to goods and materials for military uses. Restrictions on imports of coin or bullion from soviet Russia, as well as upon dealings in exchange and credit, have been removed. Any American citizens, or any American firms, convinced of the desirability of trading with the soviet government, and willing to assume the risks involved, can do so without let or hindrance so far as their own Government is concerned. No one would suspect as much from Mr. McAdoo's statement or from the active campaign of the probolshevik propagandists. Yet the facts are as stated, as any person interested can easily ascertain. Wherefore and why the clamor, then?

Broadly speaking, there are two opposing and very dissimilar groups crying out for trade with soviet Russia. If we can distinguish these and comprehend their reasoning and their motives we shall be in a fair way to understand the entire problem. In the first place, then, we have a group of average American manufacturers and business men whose views are those which Mr. McAdoo has stated. They have been persuaded, or have persuaded themselves, into believing that an immense volume of highly profitable trade with soviet Russia is immediately possible. They know that Russia's need of machinery and manufactured goods is colossal. They know, too, that her natural resources are incalculably great. They believe that there are vast stores of gold, platinum, wheat, flax, timber, fur, hides, bristles, and other commodities ready to be exchanged for our manufactures. From a purely selfish point of view they think they can see opportunities for enormous profits. Why concern themselves with anything else?

Of course, included in this group there are many who are not wholly selfish. There are some who believe, or at least hope, that trade with Russia upon such a large scale would probably result in a much needed stimulation of our industries, and turn what threatens to be a period of industrial stagnation and depression into one of unusual if not unexampled activity and prosperity. Looking further afield, a few believe that trade with soviet Russia upon a large scale will tend to hasten the restoration of the economic life of Europe to something like its normal health. They are convinced that the exchange of Russia's surplus stocks of wheat for manufactured goods is the surest and quickest way, if not the only way, to save Europe from famine. Sometimes they go further and argue that this is the only means whereby bolshevism can be overcome.

They would trade with the bolsheviki in Russia, confident that trade intercourse and its exigencies would overpower and soon destroy bolshevist theorists and their wild and dangerous theories.

The second group interested in the agitation is quite different in its composition and its motives. It is made up of probolshevist propagandists, paid and unpaid; of camouflaged and shamefaced bolsheviki who call themselves "Liberals"; of sentimentalists who feel but do not think, who distrust scientific thinking and, in spite of all proof to the contrary, believe that in soviet Russia the generous ideals of socialism have become realities. This group, while much larger than the other and comprising an uncomfortably large number of more or less unassimilable persons, is small in comparison with the entire population. It is, however, extremely active and vociferous, and so able to make a very considerable display of energy, a good deal of noise, and the impression of great political importance.

This group is not really interested in trade between the United States and soviet Russia at all. Its purpose is political, not economic. Not all its members are aware of this, but its moving and directing minds are. These know quite well that there is not a further step which the Government of the United States can take toward the general resumption of trade with Russia unless and until it is ready to recognize the so-called soviet government, which is really not a soviet government at all, but the infamous oligarchy of Lenin, Trotsky and company. They know that there are no important obstacles in the way of those Americans who desire to trade with soviet Russia; that any American manufacturer or merchant who is willing to trade with the soviet authorities upon the only terms they are willing or able to do business upon is free to do so at his own risk, provided that the trade does not take the form of supplying the Russian soviet government with military goods.

Let me make this quite clear: As I told the Cleveland Chamber of Commerce recently, a manufacturer of agricultural implements, let us say, is free to export his goods to soviet Russia if he so desires, and to receive in payment therefor Russian gold, notes, bonds, goods, or concessions or franchise rights in Russia. There is no bar to the importation into this country of Russian gold, securities, or goods, subject to the assumption of all risks by the traders themselves. Although the United States Government does not issue passports to or visé passports from soviet Russia, there is no difficulty about getting passports to the Russian border, from whence it is quite easy for American traders to arrange to enter soviet Russia. While there is no direct mail service between the two countries, mail communication is possible through Norway, with very little delay or inconvenience. Mails to and from Russia are regularly sent through Norway, according to Social Demokraten, of Christiania, October 29, 1920. Of course, there are obstacles, but they are far from insuperable. Indeed, they are almost trivial in comparison with the alleged enormous advantages to be gained from trade with soviet Russia. The difficulties are far less than have had to be encountered and overcome in the past in trading with many countries.

If Mr. McAdoo is right in supposing that the question of giving recognition to the soviet government is not involved, why is it that trade between the two countries so sadly lags? Apart from that political question, the Government of the United States imposes no real, effective barrier. Why, then, is it necessary to carry on such an agitation as we have been witnessing? If an American manufacturer desires to sell goods to the Government of Italy or Czechoslovakia, for example, and is ready to assume the risks involved, it is not necessary for the Government of the United States and the purchasing Government to conclude a treaty or special agreement on the subject. Lenin admits, apparently, that trade with soviet Russia is possible without such agreements. At all events, I am informed by a thoroughly competent and reliable informant that at the beginning of December, 1920, Krasin received instructions from Moscow to the effect that "trade with private individuals will ensue and assume satisfactory dimensions without recourse to any special governmental agreements." Yet the fact remains that trade does lag. The explanation—the only possible explanation—is that there is no confidence on the part of American manufacturers and merchants that extensive profitable trade with soviet Russia is possible.

The group we are now discussing is interested primarily in the political issue, namely, the recognition by the United States of the present soviet government as the government of Russia *de facto* and *de jure*. It is not at all difficult to understand the reason why so much importance is attached by the

bolsheviki to this matter of recognition by one or more of the Great Powers that they spend millions of rubles to bring it about, especially on agitation and propaganda in foreign countries designed to compel the governments of those countries to give them formal recognition. Their motives are both economic and political.

A very large part of the gold now in the possession of the soviet government, and by far the greater part of all other commodities available for export, consists of the property of individuals and firms confiscated by the soviet authorities. Bank deposits and foreign securities to the value of hundreds of millions of rubles, and large supplies of timber, flax, hides, bristles, and other commodities were thus confiscated. A very considerable proportion of the whole was the property of foreigners—that is to say, of the citizens of other countries, notably of France, England, the United States, Germany, Sweden, and Belgium. Obviously, the title of the soviet government to these things is clouded and disputable. Suppose, for example, that a firm in Cleveland agrees to take a lot of hides in exchange for machinery, that the trade is effected, and that in due course the hides arrive in New York and are promptly claimed by the representative of the original owners from whom the bolsheviki stole them, a company composed in whole or in large part of American citizens. Can anyone doubt that our laws would protect the rights of the original owners, or that our courts would deny the legality of the transfer of the hides from the bolsheviki to the Cleveland firm? The latter's status would be that of any other receiver of stolen goods and the doctrine of *caveat emptor* would apply.

On the other hand, if soviet authorities are recognized as the government *de jure* of Russia, acts of confiscation by it, provided they were carried out in accordance with a regularly promulgated law, would place the matter on a very different basis. What the bolsheviki hope is that the recognition by the Great Powers, or by any one of them, will validate their title to all confiscated and stolen goods. How important this is, both economically and politically, to the bolshevist rulers of Russia is illustrated by a case recently adjudicated by a British court. In August, 1920, Krasin and his colleagues, as "the agents of the Soviet of the People's Commissaries," entered into a contract with an English firm disposing of a lot of timber. When the first part of this timber arrived in England it was immediately attached by the representative of a Russian firm having a branch in England, who claimed priority of ownership. The claimant company proved that the timber had belonged to it and had been confiscated by the bolshevist government in 1918. The judgment of the court restored the timber to its original owners and denied the validity of the seizure by the bolsheviki and of the subsequent sale. The significant point of the decision, of greatest pertinence to our present discussion, is that the English purchasers of the confiscated timber set up the plea that the presence of the Soviet Trade Mission in England, and its negotiations with the Foreign Office constituted a practical recognition of the soviet government as a government *de facto*, if not *de jure*, and the rejection of that plea by the court. The right of the soviet government to seize property and confiscate it could not be admitted in great Britain, the court held, because "the British Government had never recognized the soviet government, which in this country (Great Britain) had, therefore, no legal status." Recognition of the soviet power as the *de jure* government of Russia would, apparently, according to Mr. Justice Roche, make it possible for one British trader, or group of traders, to receive in exchange for goods the confiscated property of another British trader or group of traders. In this country, assuming the same legal doctrine to be applied, a firm in Chicago composed of American citizens would receive as payment goods stolen from a firm in Toledo or Detroit, also composed of American citizens. That this would be a very profitable arrangement for the bolsheviki is quite apparent, but where would be the profit for America?

There is another reason why the bolsheviki are anxious to secure recognition—a reason of revolutionary political policy. Recognition means the resumption of diplomatic relations with all that is implied therein. It means the presence of a bolshevist ambassador at Washington. It means the presence of numerous other diplomatic officials. It means the presence of bolshevist commissaries as consuls in our great ports and chief cities. And these in turn mean an organized attempt to overthrow our Government and to precipitate social revolution here. There is not the slightest room for doubt upon this point. Not only have the leaders of the bolsheviki expressed their intention with brutal and cynical frankness, but, as I shall presently show, wherever

they have been permitted to have diplomatic agents they have proceeded to use the privileges and immunities granted to such agents as channels for the dissemination of their poisonous propaganda, and for carrying on intrigues and conspiracies.

JOHN SPARGO.

[From The Weekly Review, Jan. 19, 1921.]

PART TWO.

In my book, "Russia As an American Problem," I set forth in detail my reasons for believing that there can be no reconstruction of Europe, and no economic stability anywhere in the world, until Russia resumes a normal economic relationship to the rest of the world. Not until Russia begins anew to produce, and to exchange her products for those of other nations, will the equilibrium of the economic life of the world be restored. Because that is my profound conviction, I most earnestly desire to see trade with Russia revived as quickly and as extensively as possible and deplore the necessity of admitting that all the facts now available compel me to acknowledge that, desirable as trade with soviet Russia might be, it is not yet possible. Prolonged and careful study of all the available data has forced me to reach the following conclusions:

(1) So long as the bolsheviki remain in power and maintain their present policy, there can be no security for foreign capital invested in Russia.

It is quite certain that Russia's needs are enormously in excess of any capital she has or can build up in any reasonable time. This means that, in order to make rehabilitation possible, foreign capital must flow into Russia in large volume. How large, we may judge from the fact that, whereas in the 10 years immediately preceding the World War Russia's capital-building capacity amounted to not over 1,000,000,000 rubles (gold) per annum, her pressing needs call for an expenditure of not less than 30,000,000,000 rubles (gold) in the first three years. This is far in excess of her own capacity and must be furnished by foreign investors. Foreign capital, however, requires security, and it is obvious that bolshevism by its very nature denies that security. To eliminate capital, and profit upon capital, is the very *raison d'être* of bolshevism. Large investments in Russia would jeopardize the economic life of America. Suppose billions of American capital to be invested in Russia—billions of dollars' worth of goods supplied on the credit basis of Russian securities, for example—and the whole investment confiscated and all obligations repudiated by the soviet government. The result would be economically disastrous and would adversely affect every American family, especially the wage earners. Such a strain of the economic structure, superimposed upon recent strains, might bring about a crisis which would prove insurmountable.

(2) The total of all commodities available for export from Russia in exchange for our goods—including the gold and platinum—is so small as to be almost insignificant in comparison with the value of the goods desired.

It is now pretty well established that soviet Russia does not possess any large surplus stocks available for export. Her natural resources are practically unlimited and incalculable, but there is a world of difference between potential wealth, such as ores in the ground, and actual wealth, such as mined ores ready for shipment. Such supplies as there are in soviet Russia to-day are stores left over from the old régime, and, except in very insignificant instances, are needed by the Russian people themselves. This is not my opinion merely; it is the judgment of responsible bolshevist officials. Take, for example, the statement of Rykov, president of the Superior Council of the National Board of Economy, made in January a year ago, that the lifting of the blockade could not solve the raw material crisis, but, "on the contrary, the lifting of the blockade * * * will mean an increased demand for raw materials, as these are the only articles which Russia can furnish to Europe in exchange for European commodities. The supplies of flax on hand are sufficient for a period of from eight months to a year. But we shall not be able to export large quantities of flax abroad, and the catastrophic decline in flax production * * * raises the question whether the flax industry will not experience in 1920 a shortage similar to the one experienced by the textile industry in cotton."

Or take the testimony of the bolshevist economist, Bagalev, in the *Ekonomicheskaya Zhizn* ("Economic Life"), September 3, 1920. He tells us that there is a famine in all branches of industrial and personal consumption, "and that there is no surplus for export," as a rule: "We shall have to export what we are in great need of ourselves, merely for the purpose of getting something

still more indispensable in exchange. Every imported locomotive, every plow we get, will have to be paid for literally with strips carved from the body of our national industries."

Waiving for the moment consideration of the right of the soviet government to the stocks of commodities they have seized, and of our right to receive them, it is quite certain that the sum total of all such commodities they have available for export, including gold and platinum, represents only a small fraction of the value of the goods they seek. The gold and platinum reserve now in the possession of the soviets probably does not exceed 500,000,000 rubles, or \$250,000,000. Quite recently a deal with German manufacturers for locomotives to the value of 600,000,000 marks was abandoned when the manufacturers insisted upon the deposit of the gold. According to the German press, it was discovered that there was not so much gold as that in the reserve of the soviet government.

(3) It is absolutely impossible for American business men to rely upon honest treatment in their dealings with the soviet government.

In a series of articles written with the avowed object of inducing the Governments of Great Britain and the United States to recognize the soviet government, H. G. Wells has had to admit that there are in Russia no commercial bodies with which we can deal "who will respect the usages and conventions of western commercial life," that the bolshevist government, the only body with which trade can be had, has "an invincible prejudice against individual business men," and will not trade with them honorably, but "will distrust them and, so far as it can, put them at the completest disadvantage." He concludes that "it is hopeless and impossible, therefore, for individual persons and firms to think of going to Russia to trade."

That Mr. Wells is entirely correct in this conclusion is known to every student who has taken the trouble to follow events in Russia with care. Not only is it useless for the individual business man or firm to rely upon honest and honorable treatment at the hands of the bolsheviks; it is equally useless for "capitalist governments" to expect such treatment. Let me dot the "i's" and cross the "t's" here a bit: At the San Remo meeting of the Supreme Economic Council, May 22, 1920, the British representative made a report which has received practically no attention, notwithstanding its important bearing upon the entire question of trade relations with Russia. The report protested that a quantity of flax stored at Reval was being offered for sale by the agents of the soviet government, notwithstanding the fact that it had already been bought and paid for by the British Government. Certainly, this does not seem to indicate that the soviet government is more honest in dealing with capitalist governments than with individual capitalists.

When I was in Sweden in October last, much indignation was being expressed by bankers and merchants in Stockholm because gold tendered in payment to Swedish firms for goods supplied had been found to contain from 20 per cent to 25 per cent alloy. Warned by the Swedish experience, certain English firms demanded that a clause be inserted in the contracts which the Krasin Trade Mission was trying to make with them providing for an assay of the gold before its acceptance—a reasonable enough demand, surely. The soviet representatives refused to agree to the proposal and the negotiations were hastily dropped.

On June 26, 1920, the yearly meeting of the Deutsch-Ost Europäischer Wirtschaftsverband was held at Elberfeld, Germany. At that meeting the whole question of trade between Germany and soviet Russia was thrashed out. Mr. Meyer, manager of the society, said:

"We have negotiated with the representatives of the soviet government in Berlin and in Copenhagen since 1919, and they have always tried (and failed) to fool us. They demanded offers of goods, promised a great deal, but ~~as~~ yet have done nothing. They have always found some excuse for not abiding by their word. . . . I do not think that it will be possible for private firms to trade with Russia in the near future."

This is not "propaganda," bear in mind, but an extract from a secret and confidential report. Quite similar is the statement issued by the London representative of the Norwegian Government, Mr. Mjelde, in September, 1920. Though not charging the soviet government or its representative, Litvinov, with fraud, the statement did intimate that Litvinov's commercial negotiations with Norway were simply camouflaged political efforts.

(4) Any gold, securities, or raw materials received by American traders from the soviet government in exchange for goods supplied will be liable to attachment suits and claims by the original owners.

No American business man can be at all certain that his right to keep such bonds, gold, or commodities as he may accept in payment for goods supplied to soviet Russia will be sustained by the courts. The decision rendered in England, to which I have already referred, is likely to be followed by our courts. The French and Rumanian Governments have given formal notice that they will in no circumstances recognize the right of the soviet government to dispose of the Russian gold reserve and that they will start proceedings against all institutions and individuals who agree to accept gold payments from the soviet government or its agents. The British Foreign Office, after consulting with the Supreme Economic Council, gave this significant pledge: That the regulations which will be established in respect of goods hitherto belonging to British merchants and at present seized by the Bolsheviki will be extended fully to foreign traders. According to that pledge, the rule laid down by the British court with respect to the claim of priority of ownership set up by the British firm will be applied to similar cases in Great Britain, even though the claimants are not British subjects.

In all the welter of argument and disputation, in the press and elsewhere, not one valid and worthy reason why we should recognize the soviet power has yet been advanced. Of excuses for doing so, more or less plausible, there have been many; but there has been no serious effort to show that such recognition would be beneficial to us as a nation, or that it would be consistent with our safety, even, to say nothing of our honor. All the ingenuity and mental dexterity of our self-styled "Liberals" has not availed to discover and formulate such a justification for the policy they propose. On the other hand, the reasons for continuing our present policy of nonrecognition—and nonintervention—are as conclusive as they are numerous and obvious.

(5) The reason why the Bolsheviki are so eager to obtain recognition that it inspires their incessant and costly propaganda, is itself a sufficient reason for denying that recognition.

They want to legalize internationally their policy of spoliation. They want our recognition, and that of Great Britain, in order that some sort of legal sanction be given to their possession and use of the gold belonging to Rumania and France. Thus we are to give our assent and approval to a policy which, in the case of Rumania particularly, is black with treachery and dishonor. They seek the protection of our courts for the proceeds derived from robbing capitalist Peter to pay capitalist Paul. They know that the sum of effect can only be a weakening of the economic foundations of civilization. They know that if they can get our assent to such a policy we shall be cooperating with them to exist parasitically at the expense of our economic system, which will be weakened in proportion as they are strengthened. To fall into such a trap as that we must be fools indeed.

The connection between the soviet government and the third international is so close and intimate that it is impossible to separate them. Indeed, as the Bolsheviki themselves are fond of boasting, they are one and indivisible. But the third international has its special function, nevertheless; agreements and undertakings made by the soviet government as such may be violated with impunity by the third international. We remember Zinoviev's statement. "The third international is primarily an instrument of revolution. This work will be continued, no matter what happens, legally or illegally. The soviet government may pledge itself to refrain from propaganda abroad, but the third international, never."

How is it possible for any intelligent person to read this typical and representative utterance and still entertain the slightest doubt that the diplomatic representatives of the soviet power would, if they were received by us, use any and all means to foster revolt against our institutions, embroil us with other nations, and bring about the overthrow of our political and economical system?

So far as I know, every Government that has had official relations with the Bolsheviki through accredited envoys, has been treacherously attacked and compelled to expel the bolshevist envoys for flagrant offenses, including the misuse of their diplomatic privileges and immunities to foment revolutionary agitation. Great Britain had to exclude Litvinov. It was proved beyond any shadow of doubt, in a British court, that Litvinov had availed himself of his privileged position to incite revolutionary movements having for their object the over-

throw of the British Government. When Litvinov was chosen to head the soviet trade mission last year the British Government absolutely refused to receive him, so Kamenev was sent instead. Kamenev's conduct was so outrageous that even his colleague, Krasin, felt called upon publicly to disavow him.

Switzerland, which had recognized the provisional government in 1917, and received its minister, in 1918 requested the latter to turn over the legation to the representatives of the soviet government, who were duly recognized and received. After a few months, owing to their intrigues, these were expelled and taken to the Swiss frontier in guarded motor cars. Denmark not only received an accredited bolshevist envoy, but also permitted Litvinov to establish headquarters in Copenhagen for the purpose of conducting trade negotiations with the citizens of other countries where the soviet government was not represented. Both the regular envoy and Litvinov had to leave Denmark for the usual reason—their participation in movements aiming at revolution in Denmark. Sweden had a regular bolshevist minister, but the social democratic government had to expel him and close the legation. Litvinov's "trade negotiations" in Norway proved to be little more than a mask to cover his intrigues with the extreme revolutionary elements. Although he was merely permitted to reside in Christiania as a private individual, and was not accredited to the Norwegian Government in an official capacity, it became necessary for the Norwegian Government to order him and his assistants to leave the country.

In view of the facts I have recited, which are matters of record and can be readily verified, I submit that recognition of the soviet government by the United States, and the presence here of its accredited diplomatic and consular representatives, enjoying the customary privileges and immunities, would subject us to a peril that is not to be lightly regarded. It is the plain duty of the Government of the United States to protect itself and our institutions against the possibilities of such dangerous treachery and intrigue. The incoming administration is morally bound to reaffirm the declaration of Secretary Colby that: "We can not recognize, hold official relations with, or give friendly reception to, the agents of a government which is determined and bound to conspire against our institutions, whose diplomats will be the agitators of dangerous revolt, whose spokesmen say they sign agreements with no intention of keeping them." Recognition of the soviet government would be a betrayal of the friendly Russian people, and a close approach to a like betrayal of the American people.

JOHN SPARGO.

Senator POMERENE. At the same time I have here, "The Soviets at Work," by Nicolai Lenin, and it describes the operation of the government there. I may ask to have that inserted.

Thereupon, at 12.30 o'clock p. m., the committee went into executive session, at the close of which a recess was taken until 3 o'clock p. m.

AFTER RECESS.

The committee convened at 3.10 o'clock p. m., in executive session, pursuant to the taking of recess.

Present: Senators Lodge (chairman), Brandegee, Knox, Johnson, Moses, Hitchcock, Pomerene, and Pittman.

At the close of the executive session, the following proceedings were held:

Senator FRANCE. Mr. Chairman and gentlemen of the committee, Prof. Maguite is one of the leading economists of Russia. He was statistician of the Siberian Government prior to the war. He is not in any way connected with the government in Russia, but he has some very important facts to present.

Dr. Maguite, while he is a distinguished linguist, speaking several languages, does not speak English, so he will be compelled to speak through an interpreter. But you can ask through his interpreter any questions that you may care to ask. I think what he says to-day will be quite interesting.

STATEMENT OF MR. JACQUES MAGUITE.

Dr. MAGUITE (through an interpreter). Mr. Chairman and gentlemen of the committee, as a Russian economist, who has recently visited various sections of Russia, I have collected quite important data bearing upon Russia and upon the economical conditions, and I would like to present this data to the committee.

One of the most characteristic traits of present capitalistic economy is its universalism. We are now living in an epoch of world economies, in which every nation is dependent upon every other nation.

The tendency of national economy to spread beyond national frontiers and become world-wide, first became apparent some time ago, but the war gave it a particular impetus.

A brilliant example of this tendency is shown by the United States, whose foreign trade increased from about \$3,000,000,000 in 1913 to almost \$14,000,000,000 in 1920. This six-year period is marked by an unheard-of trade increase in the history of capitalistic economy.

The complex industrial chain is composed of numerous links, differing in weight and significance, and the weakening of one link in this chain, no matter how small and insignificant in itself, leads to the weakening of the entire chain, and sometimes it even completely stops its capacity for work.

The financial and economic collapse of Europe could not but result in the terrible industrial and financial panic, now gripping the United States.

Those who were watching the economic development of life in Europe, who saw the process of disorganization that has set in the organism, are not surprised by the financial and economic collapse in a positive sense, of the United States. It was apparent that the financial crisis in Europe and her consequent inability to meet liabilities would lead to an industrial crisis in this country unless means could be found to reestablish a normal world-trade by means of credit operations or by solving special cases.

The Brussels conference of great and small nations in session during September and October, 1920, spent sufficient time in discussing dilemma of Europe's position and in seeking means to forestall the approaching bankruptcy of many of the countries. Unfortunately, no solution was found. European countries were forced to return to the old method of filling treasuries—by increased taxation. But even this method can not save the situation. To pacify the people, government budgets are made to balance by clever bookkeeping and though entirely misleading they lead inexperienced people astray, if only for a short time.

When the entire world has been upset by a prolonged and terrible war, when colonies which promised much are struggling to assert their independence, there is no need to assert that European countries must obtain help from outside. Which is the road, in that case, to a change in the critical situation, leading to the establishment of destroyed industrial life?

The solution of this problem for the nations of the Atlantic lies in Russia, destructive so far on account of its putrid sores and demanding an immediate solution.

Although Great Britain shows in her budget a balance for the past year, which should indicate a satisfactory economic condition of the

country, still she is one of the first countries to come to a trade agreement with soviet Russia. It is difficult to believe that political motives of a defensive character have forced her to this. The English Government is pressing the practical application of this agreement, for the panic in British trade and commerce is daily growing worse. France, as shown by the speech of the French premier, and also Italy are both on the eve of trade agreements with soviet Russia. Only America remains isolated and facing a blind alley.

Meanwhile the problem of establishing trade exchange between Russia and America is not only a question of almost life or death for Russia, but it is also the only solution for the United States: the industrial crisis can not be stopped without the establishment of normal relations between Russia and the United States, which needs foreign markets for its manufactured goods.

The economic policy of the United States, which directed exports to war-ridden Europe, has brought this country face to face with a crisis which developed both unexpectedly and intensely at a moment when foreign trade had reached the record figure of \$14,000,000,000, and when the decreased purchasing power of European countries has not yet fully shown itself. That this policy was a huge and almost irreparable mistake on the part of governing circles is quite apparent.

As a matter of fact, the normal and healthy stream of industrial development should have been directed toward the point of least resistance, i. e., westward toward the Asiatic Continent. Capital, labor, and industry would have found a natural outlet spreading successfully over that rich continent so full of rich promise.

The present-day panic and the approaching unemployment are doubted forerunners of the dark clouds now gathering on the horizon of this country's internal life.

What should be the viewpoint on Russia in future? What are the advantages for both countries of a trade agreement between the United States and Russia, and by what means can this problem be solved?

To me, who have recently traveled over the great continent of Russia, the future appears as follows: A system of mixed economy will be established. In the country farms will be held as private property, because the peasants will always regard land and agricultural implements as personal property, whereas in the cities there will be socialization, but not Government monopoly, of large industries.

It is no secret to anybody that the present economic condition of Russia is terrible. The consequences of the World War and of civil strife as well as the Bolshevik policy have found reflection in the condition of Russian industry. At the present time only 0.1 per cent of the normal output is produced. Previously, 1,200 large iron works were in operation, whereas at present only 21 such establishments are in full working order. The nail industry is only producing $1\frac{1}{2}$ per cent of peace-time production. It can be imagined how destructive an effect on agriculture the lack of nails must have. Plows can not be mended, horses can not be shod. The condition of the coal industry has been catastrophic during the entire period of civil war, for the main coal region—the Donetz Basin—was the con-

stant theater of war operations. It is small wonder that it only produced 15 per cent of the normal peace-time output. There was also a shortage of naphtha as Russia has been long cut off from the Baku region. The lack of coal and naphtha had to be covered by the use of wood. But transportation had broken down, so that wood could not be delivered in sufficient quantity. At one time there were only 25 per cent of the locomotives in working order. At the present time transportation has improved slightly, and there are now 44 per cent good locomotives, but there is strong need of rolling stock. These conservative statistics give the sad picture of Russian conditions.

What is the solution of the present situation?

The only solution is to stop intervention and lift the allied blockade, and resume trade relations with Russia. We know that there is a definite connection between policy and the economic development of a country. The return of Russia to a peace-time basis will force the bolsheviks to change their policy. Peace will create the background on which it will be possible to fight bolshevism.

The Russian people can judge the intentions of the different governments with plans on Russia. As deftly as they realize the aggressive policy of some, so are they equally convinced of the honest intentions of others. They know that American impetus toward investment in Russian undertakings, is bereft of any political background and that Americans bring and place their money for the mere joy of the game, i. e., for those financial advantages which good investment can bring. They believe in the power and the enterprise of American genius, in the magnitude of its technical equipment, and they know sooner or later the United States will come to the relief of the unhappy and hungry people of Russia.

The participation of American capital in Russian trade and industry could be unlimited, for American financiers and manufacturers who are willing to invest in any industrial or trade undertaking which promises to be profitable and mutually advantageous. Neither a temporary awakening nor a historic policy can hinder the natural interests of the American people. The huge Russian market, which can absorb many different kinds of manufactured goods, now accumulated in great quantities and rotting in different warehouses, is the best guarantee against the industrial stagnation and unemployment now threatening the United States. American capital has great power. During the war, the greater part of it remained unexploited for it was being used for internal markets and for the export of arms. War profits increased it considerably. It is now looking for new lines of investment and Russia offers the most advantageous field.

In answer to the question as to what a trade agreement with Russia would offer America and on what basis such an agreement could be drawn up, it might be of interest to mention the outline of the agreement that the British Government drew up with soviet Russia. According to this plan the soviet authorities, upon signing the agreement, must undertake a number of basic concessions of principle in favor of foreign capital. It is not the first time this had happened to the soviet authorities. In the Brest-Litovsk treaty with Germany, the soviet authorities were forced to concede all their communistic

principles. And it is characteristic that every time the soviet republic desires to enter into economic contact with any foreign government, it has to unfailingly go back on all its broadly heralded announcements.

"The old capitalist world" every time shows greater power than the bolshevik republic.

According to this agreement, the soviet authorities agree not to apply any of their communistic policies toward British subjects. This means that British subjects can travel freely over Russian territory and utilize all means of transportation. Merchandise and capital belonging to British subjects are protected by the soviet government as inviolable property. The soviet government undertakes to compensate British subjects for all losses incurred by them through acts of the soviet authorities and also to make all necessary reparations at any future time in case of loss by British subjects incurred as a result of soviet policy. The soviet government must compensate British subjects for factories, buildings, real estate, workshops, mines, commercial undertakings, shares and so on.

The principle of private property is thus reestablished in masked form, at least so far as British subjects are concerned. The advantages which Britain will reap from this agreement are not only directly trade advantages. There is the compensation offered British subjects, probably a sum equal to that of the Russian Government debt due Britain. There is also the possibility of obtaining a monopoly on Russian needs.

It can be safely stated that England has gained much from America's refusal to enter into a trade agreement with soviet Russia at the opportune moment.

Russia at present is in special need of agricultural machinery and all that appertains to it—tractors, trucks, and leather goods. Russia also needs some food products, woolen goods, and a great deal of cotton. There is also need for chemical products, iron and cramp iron, different types of looms, machinery for flour and naphtha industries, and rubber. The people need ready-made clothes and shoes, the demand for which will reach into seven figures.

The United States can play a leading part in the economic awakening of Russian railroad building. Without reference to the railroad disorganization, which has reached its climax, even partial rebuilding will demand hundreds of thousands tons of rails, many thousands locomotives and cars, great quantities of different technical accessories and instruments. First, it will be necessary to finish the building of those railroads, work upon which had been started during the Czar's régime and which has remained unfinished owing to the civil strife. According to the data I have on hand there are 3,700 miles of such railroad awaiting completion. The development of the country, especially for the export of raw materials, which applies especially to Siberia, will demand a building up of both internal and export railroad lines. Before, and even more so now, the Russian treasury was unable to develop railroads in Siberia on the scale needed by Siberian economic interests. It was for this reason that the Czarist Government permitted private companies to build private railroads for public use east of the Urals and probably had there been no war in 1914 Siberia would by this time have had

a new network of railroads covering about 5,700 miles, the plans for which had long been developed and on which some work had already been done. These railroads were to connect the most remote corners of the immense Siberian territory, and, together with the growth of population due to emigration from European Russia, would have increased greatly the trade exchange of this pearl of Russia.

The lists of goods needed by Russia published in the American press by Mr. Vanderlip, a representative of an American syndicate, contain data, the accuracy of which can not be disputed. It is necessary to visit Russia personally, see the different localities, study the existing conditions, to understand how great is the need of the people for bare necessities. The only problem is the time of delivery; what is still more important, the means by which the soviet government will pay for it.

It must always be borne in mind that a country, no matter how rich, after many years of continuous warfare and civil strife, naturally lowers the coefficient of its productivity. This is as true of agriculture as it is of shop and factory work. As I have already mentioned, the peasant proprietor, not receiving in exchange for his produce the necessary machinery for his work, prefers to decrease the area of cultivation, and does not cultivate more than he needs for his own use. Consequently, there can be no question of a surplus of raw material, which has been moreover destroyed to a certain extent for military reasons, and which decayed even more often for lack of export facilities. This phenomenon can be seen in European Russia, and the only exception was in Siberia, which even before the war was a big contractor and exporter of raw material. With the present transportation disorganization, even Siberian raw material is rotting.

We know that the British Government changed its erstwhile negative attitude on bringing soviet gold into England, and that simultaneously large quantities of soviet gold began leaving soviet Russia for England, Sweden, and Germany as a guarantee for different orders placed in these countries. It is also known that soviet authorities keep sufficient gold in Reval and Copenhagen. Taking into consideration the fact that the gold reserve diminished considerably during the Kolchak régime in Siberia, that a part of the gold reserve was looted by different adventurers, like the Cossack Semenov, it must be realized that under such circumstances there will not be enough soviet gold.

In that case, how will the soviet government pay for goods delivered and what will constitute the guarantee in trade relations?

The answer to this question lies in the arrangement made by a group of California capitalists, represented by Mr. Vanderlip. We doubt that the soviet government will be able to pay in gold for all the goods imported by the Vanderlip syndicate into Russia. On the other hand, it appears that the soviet authorities have undertaken to pay with platinum, manganese, coal, naphtha, copper, cellulose, hides, leather, furs, and so on. But to make it possible for the syndicate to export this raw material, the syndicate will have to participate in developing it, in renovating transportation so as to export these raw materials. Probably the syndicate took into consideration the existing conditions and I am inclined to believe that the

concession granted for the development of the Kamchatka wealth is one of the guarantees given by the soviet government for the obligations incurred by it.

Since many of the above-mentioned products are not needed by America, which even exports some of them in great quantities, it is evident that the Vanderlip syndicate will act as an intermediary between Russia and other countries. The syndicate will receive Russian goods from soviet Russia which Russia has, and will sell them to other countries. The soviet authorities have announced the nationalization of foreign trade. They have destroyed in Russia the middlemen so as to presumably destroy private profits in trade. But they are apparently glad to grant the right of making this profit to a foreign private trade middleman.

If I mention the lack of raw products in Russia, I refer exclusively to European Russia and not to Siberia, which I visited quite recently and about which I have a great deal of information. There is a quantity of raw material in Siberia. Siberia will be able not only to pay in raw material for all she needs, but will also be able to give the excess to European Russia. We know that the great Siberian Railroad did not quite meet the demand of Siberian export even before the war, and this is now even more so, since conditions in the country have almost paralyzed its functioning. How can Siberia raw material be exported? This question will be answered later on.

The desire of American manufacturers and traders to penetrate the Russian market can be easily explained, for it is a solution of the present acute crisis. Meanwhile, the soviet government apparently has absolutely no desire to conduct private negotiations with private individuals who offer goods and it prefers to place its orders with large firms. Probably in the future it will draw up some kind of an agreement only with such syndicates as will co-ordinate in one person different industries the products of which are needed by Russia. And in such a case both sides will be able to offer the necessary guarantees for the responsibilities undertaken.

It is also essential for American small traders, exporters, and manufacturers to organize into groups that will represent a certain financial power. Only in such a case can there be a question of guarantees on the part of the soviet government. That such guarantee will be essential is certain once trade relations become a fact, and in connection with that the substitution of payment in gold and raw materials by other means will arise. British merchants and manufacturers are already considering the question of such a situation. The best guarantee of American contractors is the granting of concessions in the outlying regions of Russia.

For several months past the entire press of the world has been discussing the visit paid to Russia by Mr. Vanderlip and the trade agreement granted to him by the Moscow government for the exploitation of the natural resources of Northern Siberia and Kamchatka. But the newspapers have not yet definitely decided whether this is a bluff of a genius character or the first step toward cementing a serious trade exchange. According to some opinions, the Vanderlip syndicate and the Moscow government have concluded the biggest agreement in this world history, as a result of which a region which has hitherto been quite unexploited will be opened on a large

international scale. Meanwhile, in the excitement of the newspapers' discussion the papers have quite overlooked the significance of the existing Russian-American treaty of the pre-war time and its economic and political significance for Russia.

Owing to the serious attitude taken by the Moscow government and by American financiers toward the published agreement a supercilious attitude is hardly correct, especially when it emanates from circles which are inimical to those represented by Mr. Vanderlip. But it is a fact that the strict critics of the Russian-American agreement belong mainly to the Franco-American Government circles, whose interests are most directly affected by the Vanderlip plans and to American circles which represent political opposition to the financial syndicate represented by Mr. Vanderlip.

The Anglo-French Government circles thought that they could calmly hold Russia in their grip by means of the blockade and then take advantage of the desired economic privilege at any moment convenient to them. The secretly prepared agreement with Mr. Vanderlip must have been all the more unexpectedly unpleasant. The degree of seriousness with which they regard it can best be judged by the rapidity with which the agreement passed by the British Parliament and by the tone of the speech of the French Premier.

The question which remains is whether the agreement will be carried out in full and within the stipulated time. If the Vanderlip concession is viewed not from the narrow point of view of being a private undertaking, then this agreement becomes a national question for the American people. In his address to the people, Mr. Vanderlip announces that he has rented from the Russian Government the richest region comprising 400,000 square miles. He stated, further, that in 1921 Russia expects to buy from America goods to the value of one billion dollars. Trade will be conducted normally. American goods will be imported through northern China, western Siberia, the Baltic and Black Sea ports and the Murman coast. Mr. Vanderlip asserts that such trade will be beneficial to all classes of Americans. A truly grandiose plan. We will not undertake the discussion of the advantages accruing to Russian economic development from this agreement. It is also difficult to specify (on the basis of the information received) to what extent Soviet Russia was able to defend her interests in drawing up this agreement, which has not been recognized definitely by either side, and whether the whole undertaking is not just another example of American vulturous exploitation. This question as stated, is still open, but it is already possible to state the favorable fact that owing to the agreement, Russia's isolation has been broken and Japanese monopoly of the Far East shaken.

The American press has often reiterated the opinion that should the Government recognize the Vanderlip concession, it might lead to diplomatic difficulties with Japan. Such a statement is naive in the extreme.

Kamchatka and the coast of the Sea of Okhotsk are the Japanese fishing grounds. The right with certain definite restriction was legalized by the Japanese by the Portsmouth peace. In Portsmouth the Japanese dictated their demands, knowingly basing their demands on practical needs; and the demands of the traders were known

long before, for there is evidently anxiety to give them the widest possible interpretation in case of any dispute. But the rights granted to the Japanese expired in 1919. As is known, these rights were further extended by the Kolchak Government for another year. Consequently the Japanese have no right to demand any privileges in the zone of the Kamchatka waters.

We do not doubt that Japan's protest against the Vanderlip concession undoubtedly has a connection with the generally delicate relations between the two countries which must be solved in the near future.

The existence of the Vanderlip agreement demonstrates that Russia under the communistic régime has descended to the position of a colony to foreign capital and that she can not accomplish her reconstruction by her own efforts. So the deal with Mr. Vanderlip is a *momento mori* to bolshevik authority in Russia.

Both the small and middle class business men and manufacturers should organize one group to represent considerable capital. This nucleus will attract to itself big firms and then the entire group will form a consortium which, with the aid of big American capital, will be able to guarantee its members profitable and normal work in Russia. The consortium will in turn receive guarantees from Moscow authorities, for responsibilities undertaken. Only under such conditions will it be possible and even essential to have a trade agreement between America and Russia.

When the flexibility of American capital is under discussion and its activity in conquering different markets is mentioned, it is always understood that this penetration is painless to the market and absolutely correct. In the present case, with the Russian market under discussion, it must be remembered that Russian territory is of vast area, and that in certain sections there will be found competition with other nations. In speaking about European Russia and Siberia I will mention in what sections the influence of other nations is already apparent. We know that England is definitely aiming to penetrate central European Russia and the Caucasus, in the region of the naphtha wells. The routes to these sections lie through the Black and Baltic Seas. France and Italy are also turning their attention in the same direction, trying to reach sections that are both not so far removed and that are more thickly populated.

Owing to the conditions of exchange, America can not now compete with these three Governments in the indicated sections, and the sole section in which she can now operate is in the north of Russia, a great area in itself, and Siberia. In the latter, America will only meet one competitor—Japan. But Japan is powerless as a competitor for many reasons, consequently this great field is open to the United States and holds big prospects for the future.

America has three routes into Russia through three of the Russian ports:

Vladivostok on the Pacific Ocean.

Murman in the Arctic Ocean.

And a future port at the delta of the Rivers Ob and Yennissei, whose waters flow to the Sea of Kara.

The first two ports are known to everybody, and America has already participated in trade carried through them. The Rivers

Ob and Yennissei flow the length of Siberia and form a great waterway along which lie most of the big Siberian cities. Water transportation along these rivers is still unknown or very little known to even many Russians. As this water transportation will play an important part in the historic development of Siberia's economic life, I must speak more of it.

As was shown by a series of scientific and historic investigations, the northern route to Siberia, through the Lugo and Matochkin Straits, then the Sea of Kara to the deltas of the Rivers Ob and Yennissei, was known and utilized by old north Russian traders in the thirteenth and sixteenth centuries for the import into Siberia of European, not Russian, mainly manufactured goods, and for the export of valuable furs and pelts. This long-forgotten exit from Siberia into Europe was resurrected once again at the beginning of this century. It was resuscitated partly because of the high cost of railroad transportation, which raised the price on Siberian raw material. Many attempts were made to organize this route. The London firm, The Siberian Steamship Manufacturing & Trading Co. (Ltd.), made one of these attempts in 1913. The steamer *Correct* of the company carried in and out of Siberia considerable merchandise during July-September. The well-known English navigator, Wiggins, a specialist on navigation in Arctic seas, navigated the delta of the Yennissei, starting from English and Norwegian ports in 1870, 1880, and 1890. In the organization of these trips not only English firms took part but also Siberian merchants for some of the business centers. The last expedition fitted out by this company on the steamer *Correct*, headed by the well-known Frithiof Nansen, safely brought to the delta of the Yennissei a quantity of cement, which was unloaded and reloaded on river barges for travel down the river. It received in return Siberian exports—bread, animal products, and lumber. This steamer returned in safety to Europe. Thus Nansen's last expedition to the Sea of Kara only offered another proof of the navigability of the Arctic Ocean and of the Sea of Kara, as far as the deltas of the Rivers Ob and Yennissei. Even more convincing is the carrying out of a part of the program laid down by the bolshevik government—exporting produce from Siberia by water through the Sea of Kara, which was accomplished brilliantly in August of last year.

The tributary of the Yennissei-Cherny Irtish flows from the richest section of Mongolia, one of the biggest centers for animal products. The study of this new route leading to the heart of Siberia and Mongolia opens up a wide horizon to energetic business men.

There is no needs to go into more details, which should be studied in a special report, but I will merely sum up my statement.

America can not remain indifferent to the fate of Russia. No recognition of soviet Russia is no impediment to a trade agreement. That central body outlined by me, which could centralize all American firms wishing to establish trade relations with Russia, will also be able to establish a system of protecting American interests. In such a case perhaps even the help of the Washington Government is unnecessary.

The movement of history is stronger and wiser than the actions and desires of governments. Only foreign capital will prevent and

forestall the communistic influence of bolshevik tendency both in Europe and perhaps America. Only the power of capital, labor, and production can stop the anarchy in Russia's internal life by wise measures, and thus direct Russian history of the near future toward that democratic peace of mind for which the Russian people are so anxious.

Neither intervention, which only rouses the masses, nor militaristic plans can pacify rising passions. The past has shown that all these plans have brought contradictory results.

ENOUGH BLOOD—THERE MUST BE AN END TO FRATRICIDAL WARS.

And if Europe is blind, if the conquerors are dividing the booty received from the corpse, then America in the name of human law and of humanity must say her last weighty word.

WITHOUT PEACE WITH RUSSIA THERE CAN BE NO PEACE ON EARTH.

I feel convinced that the American people will demand a wise examination of the whole problem of Russo-American relations and that you representatives of the people will find a solution to the problem.

Should the Senate consider the question of trade agreement with Russia there should be formed immediately and without delay a commission of representatives of tradesmen, manufacturers, engineers, and agricultural specialists, who would undertake a study of the actual economic conditions of Russia and whose aim would be to establish that mutual contact which could become the basis for a trade agreement between the United States and Russia.

The commission should be divided in two sections, one of which would study conditions in European Russia, the other in Siberia. The information thus obtained would be of infinite value to those men who at present are entering Russia with their eyes closed.

The commission, it seems to me, should also include Russian scientific forces, who would help their American colleagues in their studies of a strange country.

But I insist that the commission should be appointed immediately, while the political situation is favorable to America.

Senator FRANCE. If the members of the committee will ask any questions with reference to the trade or with reference to the financial condition of Russia, or as to the bolshevist régime, or anything that the committee would care to ask, I am sure Dr. Maguite will be glad to answer them.

Senator KNOX. Is the professor a Russian himself?

Senator FRANCE. Yes; he was a professor of political economy in Bornow University.

Senator HITCHCOCK. Do the Russian people want to buy of the United States and sell to the United States?

Dr. MAGUIE. Yes; the Russian people do.

Senator HITCHCOCK. Will the Russian soviet government allow them to do so?

Dr. MAGUIE. Undoubtedly. You know as much about that as I do, from the papers.

Senator HITCHCOCK. Answer yes or no, if you can tell.

Dr. MAGUIE. Of course; yes.

Senator HITCHCOCK. Well, we have understood that nobody in Russia could buy anything outside the government or sell anything outside. They must do it all through the Russian Government.

Dr. MAGUIE. If such a question would be raised, the soviet government could, with the representatives of the American Government, find a solution of how to do it.

Senator FRANCE. May I ask a question, Mr. Chairman?

The CHAIRMAN. Certainly.

Senator FRANCE. What effect would the opening of trade have on the bolshevist government? Would it tend to strength it or weaken it?

Dr. MAGUIE. It is a very complicated question, but undoubtedly it would weaken the soviet government, as the soviet government is bound to die.

Senator BRANDEGEE. When did you last visit Russia?

Dr. MAGUIE. The 3d of February last year.

Senator BRANDEGEE. Is it your opinion that the soviet government, the present soviet government, represents the wishes of the people of Russia?

Dr. MAGUIE. No.

Senator POMERENE. What proportion of the people are bolsheviki?

Dr. MAGUIE. None.

Senator FRANCE. Would it be possible to open up trade with Russia without recognizing the soviet?

Dr. MAGUIE. You can begin to trade without recognizing the soviet government.

Senator FRANCE. What plan would you suggest for the opening up of trade with Russia?

Dr. MAGUIE. Penetration by foreign capital into Russia would be the forerunner of the overthrow of the soviet government.

Senator KNOX. If there are no Russian bolsheviki, as I understood the professor to say a moment ago, of what nationality do the bolsheviki consist?

Dr. MAGUIE. This answer of mine which raises a smile on the lips of the Senators may be right in their eyes, but to a Russian it raises no smile whatever. Just imagine, those sitting here, if somebody would come in with a revolver and control all of those who are sitting here, the same as Russia.

Senator KNOX. He says they are not Russians, who are they?

Dr. MAGUIE. Bolsheviks are internationalists, nothing else.

Senator KNOX. Are they native Russians?

Dr. MAGUIE. They are born Russians, but they do not recognize any nationality at all. They are internationalists.

Senator JOHNSON. Have you any definite plan to suggest for opening up trade relations with Russia?

Dr. MAGUIE. Absolutely. This plan is in the report.

Senator FRANCE. Can you read that portion of the plan?

Dr. MAGUIE. The report is in such a way that the questions would not be raised if you had heard it.

Senator JOHNSON. Are you familiar with the situation in Siberia?

Dr. MAGUIE. I know more of Siberia than of European Russia because I am from Siberia.

Senator JOHNSON. How long is it since you left Siberia?

Dr. MAGUIE. Year before last, in August.

Senator HITCHCOCK. Have you any plan of penetration of capital?

Dr. MAGUIE. Yes, sir.

Senator JOHNSON. How could capital safely go in there when the Russian Government has appropriated all the private capital there is there?

Dr. MAGUIE. The plan I have will lead to trade not with the soviet government but with the Russian people directly.

Senator KNOX. Could you state in a few words without referring to the report just the substance of that plan?

Dr. MAGUIE. The American penetration should not be divided into various sections, but should be in one operation. As long as the soviet government is a real fact, and it exists, you have got to consider it. Just feed the Russian people to-day, and you will see that to-morrow the soviet government will be overthrown. The American capital which will penetrate into Russia will first of all receive a guaranty. The Russian people trust and believe the American people because they know they have got no aggressive plans.

Senator KNOX. Who will guarantee the capital that will go into Russia?

Dr. MAGUIE. The Russian people themselves, and its faith in the future.

Senator HITCHCOCK. Are not the Russian people helpless to take care of themselves against the soviet government?

Dr. MAGUIE. There are 2,500 commissars who are holding the fate of Russia in their hands. They have the armies and the people can not do anything, and just because the people are hungry, and have had no clothes, no boots, and nothing at all. Interfering with the economic life of the Russian people will be the first step to save the Russian people.

Senator KNOX. You said a moment ago in answer to my question that the Russian people would guarantee the American capital that went in there. What form would that guaranty take, so that it would be a practical medium of exchange?

Dr. MAGUIE. The interrelations of both countries and international rights.

Senator HITCHCOCK. You mean by that that the soviet government would guarantee it?

Dr. MAGUIE. Yes; maybe even the soviet government, but the Russian people would recognize it.

Senator FRANCE. Are they not all guaranteeing the rights of the English to hold private property there?

Dr. MAGUIE. I do not believe the soviet government has concluded any economic treaty with Great Britain, and if they did the Russian people would not recognize any such treaty. How can the Russian people recognize a people that is cutting their flesh into pieces?

Senator FRANCE. The report covers most of these questions.

The CHAIRMAN. There is a gentleman here whom I said I would give an opportunity to be heard. Do you desire to be heard briefly, Mr. Rubin?

Senator FRANCE. I feel that in justice to me the witnesses that I have brought here ought to be heard first. There are two more.

The CHAIRMAN. All right. Mr. Rubin you can wait and I will call you.

Senator FRANCE. I did not wish——

The CHAIRMAN. Not at all. I thought you had finished.

Senator FRANCE. Mrs. Blatch wishes to speak, and Miss Branham wants to say a few words.

STATEMENT OF MRS. HARRIET STANTON BLATCH, REPRESENTING AMERICAN WOMEN'S EMERGENCY COMMITTEE.

Mrs. BLATCH. Mr. Chairman and gentlemen, you have been listening all the morning to matters of trade and commerce, and I think Senator France had in his mind the idea of the humane side being presented, and I think the Women's Emergency Committee was asked here with that idea. But personally I do not think that humanity is made in any such way, in water-tight compartments, trade, commerce, and the human in different sections.

The main idea that I wanted to bring to the attention of you gentlemen is, first, the disagreeable one that you and I and all of our generation and even younger will be dead and buried before long. Our children are going to be the ones that will direct this country in another generation or less, and those children, of course, will have to carry on trade and commerce and international relations with the children of Europe who are there to-day and who will be the next generation.

In 1919 I spent six months in Europe. I was in Germany, in Switzerland, in France, and in England. I am not going to take up your time in speaking about what I saw there, because you all know the sort of things I saw. I just want to emphasize one thing, that I went into the best agricultural district of England and I knew every mile of the territory, and knew the people, on the South-downs of England, where I visited mainly to get the condition of the children, the schools, just as I had in France, as I had in Switzerland, as I had in Germany, and even on the Southdowns of England, even in England, the children showed the influence of under-feeding. Now, of course, those children had suffered far less than the children of the Continent or the children in the Near East and in the Central Powers, and the children in Russia.

Now, what sort of human beings are our children going to have to deal with if this continues, the blockades, and starvations and hatreds continue. Just at the time that I reached Europe there came out a great report that one of the scientific men had been carrying on on feeding. He had taken frogs in their different stages. If you starve the young of any species to a certain point it never comes up to normal again. In other words if our children and the children of Russia and of the near East and the central powers continue to be kept apart by enmities the whole time, continue to have blockades, those children are never going to be normal men and women. All over Europe there are these abnormal children, and we are going to create a situation, a continuous situation, that our children will come in contact with physically subnormal people and mentally subnormal people, full of enmities.

Senator BRANDEGEE. Might I interrupt to ask a question?

Mrs. BLATCH. Certainly

Senator BRANDEGEE. Are you under the impression that we are maintaining any blockade against Russia?

Mrs. BLATCH. Technically not; actually yes.

Senator BRANDEGEE. What does it consist of?

Mrs. BLATCH. We have tried for over a year practically to get the State Department to give us clearance papers for a ship to carry evaporated milk, shoes, and different sorts of clothing to Russia, and we have never been able to accomplish it.

Senator BRANDEGEE. Is there any reason given for refusing that request?

Mrs. BLATCH. Mr. Polk said he would take it up under sympathetic advisement, but we have come to the conclusion that the State Department has no sympathy in it; that it is absolutely stony hearted.

Senator KNOX. Do you know whether or not it is true that when supplies were sent by the good people of Great Britain the soviet government seized the supplies?

Mrs. BLATCH. I do not think that is accurate. Those supplies were sent, and we have sent supplies through the Friends, the Quakers of Great Britain, and it has been humiliating that we have had to do that, that we had to do it through their distributing agencies.

Senator JOHNSON. And the Friends organization is in Russia now, is it not?

Mrs. BLATCH. Yes.

Senator JOHNSON. And it has been in there distributing things for a long time?

Mrs. BLATCH. And we have had to send our money through them.

Senator JOHNSON. Americans have been unable to contribute any money to Russia except through an outside source?

Mrs. BLATCH. Practically not, except in recent months the Friends in Philadelphia have been able to carry out a certain amount of work, but it has been largely investigative. In the matter that Mr. Davis, the acting Secretary of State, gave out to the papers the other day—he was referring to us, and referring to the Friends—that we had no money, nothing to send. I brought here to-day one of our checks that has just recently gone from England, of over \$3,000, and a letter acknowledging over \$4,000 that we had in money to send. We had 10,000 pairs of shoes to send, and we had a quantity of evaporated milk. We were told that that was better than condensed milk. We had that ready to send, and simply the State Department does nothing. Mr. Colby wrote to us and said that he thought the instrumentalities of the government ought to be invoked, that we ought to invoke them to help American citizens who are in Russia and in jail, rather than asking for any food for the children.

Senator HITCHCOCK. You have brought up something new that I have never heard of before. Ordinarily the State Department does not issue clearance papers to an American ship.

Mrs. BLATCH. When you are not in regular relations with a government they have to issue—I do not know whether it is the actual paper—but they have to issue something showing that you can move it.

Senator HITCHCOCK. You mean it is a license to trade with the country?

Mrs. BLATCH. No; it is clearance papers for the ship. If you are not in regular relations with the Government, your State Department has to give you a permit to have a license to get your clearance.

Senator MOSES. Certain of the functions of the War Trade Board were transferred to a bureau of the State Department after the armistice.

Senator HITCHCOCK. Then it is under the war act.

Mrs. BLATCH. It must be, because they did not say that we had applied to the wrong place.

Senator HITCHCOCK. Those functions have all been abandoned, as I understood.

Senator MOSES. They are still operating, but in a somewhat attenuated form.

Senator KNOX. I think you have it right. The rule, as I understand it, is that when the relations between the United States and some other power are not normal, the branch of the government that does actually issue the clearance papers does not do so until advised by the State Department.

Mrs. BLATCH. The State Department did not say that we came to the wrong place. We have the correspondence, which we can leave with you.

Senator BRANDEGEE. Your point is not as to the general commerce between the countries, but the fact that you could not get through these relief supplies?

Mrs. BLATCH. That we could not get through these relief supplies, yes. But we also feel very strongly that in the early days of the armistice all these barricades ought to have been thrown down. While we are niggling and talking about penetrating here and there, and whether somebody shall have this sort of government or that, Europe is simply tottering. The question is whether she is going down to absolute barbarism. Anybody that has been in Europe realizes that.

Senator JOHNSON. Will you give the name of the association with which you are connected?

Mrs. BLATCH. The American Women's Emergency Committee.

Senator JOHNSON. You are the president of the association?

Mrs. BLATCH. No; I am simply on the committee. Miss Hicks is president.

Senator JOHNSON. You are engaged in the laudable task of endeavoring to afford relief—

Mrs. BLATCH. To the children and women especially of Russia.

Senator JOHNSON. Your association and organization has no political purpose at all?

Mrs. BLATCH. Absolutely not.

Senator JOHNSON. It is simply a benevolent and philanthropic association, is it not?

Mrs. BLATCH. Yes.

Senator JOHNSON. You have made your efforts for how long to take some relief to the women and children of Russia?

Mrs. BLATCH. We began in October, 1919.

Senator JOHNSON. Have you been continuing from that until the present time?

Mrs. BLATCH. Right straight along until, I think, the State Department is tired of us.

Senator JOHNSON. And so far as doing it as an American or an American association you have not been able to accomplish results?

Mrs. BLATCH. Absolutely no results at all. We have tried through the Friends of Philadelphia, and they have been sending relief also through this British Association of Quakers who are in Russia.

Senator HITCHCOCK. Was any reason ever given you why the permits were not granted for you to ship directly to Russia?

Mrs. BLATCH. I do not think any reason was given. They told me that we would be better employed trying to get men out of prison, and Mr. Polk said that our very commendable work would have sympathetic advisement. And Mr. Poole—we have dealt with Mr. Poole of the State Department—the Friends in Philadelphia, one of their letters of September 30 states, that the department told them that it was the State Department's policy not to permit any relief to go into Russia. They themselves said that to us, and also to the other associations.

Senator HITCHCOCK. Did you have any communication with the Chief of the War Trade Board of the State Department?

Mrs. BLATCH. I do not think so. The State Department has never referred us to anybody else or told us that we were going to the wrong place.

Senator HITCHCOCK. Senator Moses says that the Chief of the Trade Board Section is in the State Department.

Mrs. BLATCH. We have not been referred to him. We have dealt with Mr. Colby, Mr. Poole, and Mr. Polk, before he resigned.

Senator KNOX. Here is a letter that seems to indicate the attitude of the State Department, addressed to the Women's Emergency Committee [reading]:

DEPARTMENT OF STATE,
Washington, June 10, 1920.

The department is in receipt of your letter of May 2, renewing your request for clearance papers for a ship to be chartered by you to convey relief supplies to some destination under Russian bolshevik control. The matter has received our earnest consideration, and we fully appreciate the humanitarian impulses that prompt your action. We think, however, that before the instrumentalities of this Government should be invoked for purposes of Russian aid, the present authorities in Russia, whoever they may be, should be compelled to release American citizens now held in Russian jails on trumped-up charges. They are cut off from communication and every effort to relieve their situation has thus far proved futile. There are now detained in Russia upward of 20 American citizens. The department's latest advices were that Russia would not even heed representations in their behalf. The causes alleged for their detention are trivial in the extreme, and evidently insincere and without basis.

Yours, very truly,

BAINBRIDGE COLBY.

Senator HITCHCOCK. What is the date?

Senator KNOX. Tenth of July, 1920.

Senator HITCHCOCK. You say you began those efforts in 1919?

Mrs. BLATCH. Yes.

I think Miss Brown has something from the Friends in Philadelphia, if she can give that, unless there is something else that you want to ask me.

Senator POMERENE. Are there any later communications from the State Department bearing upon this subject?

Mrs. BLATCH. There are later communications than July 10, 1920.

Miss BROWN. Only personal interviews, no letters.

STATEMENT OF MISS LUCY G. BRANHAM.

Miss BRANHAM. Gentlemen of the committee, I have here a history of the American Women's Emergency Committee, as to why we formed. It is briefly this, that in New York Russian women were beaten down on the streets last fall because they were protesting that there were no means of communication with their families, and so we paraded down the streets of New York as American women protesting in their behalf, because we have many immigrants of Russian birth in this country, and if you had not been able to communicate for three years with your families in foreign countries, you would appreciate the hardships.

When I was in San Francisco at the convention trying to get a plank into the platform, a number of men and women came to me, because they knew I was working in their behalf, and they brought letters that had been returned to them which had been written by them in 1917, letters to wounded members of their families. Seven million Russians were wounded in the war, and they were not able to communicate with their friends and relatives in this country for three years. That is a serious immigration and social problem in this country, and a great deal of dissatisfaction grows out of such a policy.

Senator BRANDEGEE. What was the plank?

Miss BRANHAM. I did not bring a copy of it. I will give you a brief history of the situation. I communicated with the Russian division of the State Department on the question of the granting of relief, and we then went out to the Republican convention because we could get no satisfaction from the State Department, and asked to have in the platform a plank calling upon the Republican Party to lift the Russian embargo, not mentioning the tabooed recognition. So a plank was put into the Republican platform. It was not the one that we wanted. It was a plank on trade with other countries. It was written by William Allen White. It was a syndicated story the day after the platform was formed. He said, "We favor opening trade relations with all countries with which we are at peace." As you know Mr. White was a member of the subcommittee that helped to write the platform. He said, "Does this mean trade with soviet Russia, the country with which we are at peace?" So that the Republican Party stands elected to power, and it has this plank in its platform, and that means Russia. Now we went out to the Democratic convention because—

Senator BRANDEGEE. They slipped something over on us. [Laughter.]

The CHAIRMAN. I did not catch the word "Russian."

Senator JOHNSON. The word "Russian" is not there.

Miss BRANHAM. "With all countries with which we are at peace." We are not at war with Russia either technically or in any other way.

Now, when I went to the Democratic convention, I had the most agreeable cooperation in San Francisco not only from the local women but on the part of three of the newspapers, who gave us splendid space. We went to the convention because, while the State Department had charge of the policy, we had to bring it to the people as an issue this fall. When we had our hearing before the

Democratic Resolutions Committee Mr. Colby told us that the blockade was going to be lifted, and there was no use of presenting the plank there. It was stated in the papers that the blockade was to be lifted. They said the restrictions were lifted by the State Department. It was a perfect falsehood, this lifting of the blockade. I went down with Helen Hoyer Greeley, whom you all know—she belongs to the local Washington committee of the Women's Emergency Committee. We interviewed Mr. Polk as to what this official lifting of the blockade meant, and we said first of all we have been trying to get a ship there, and he said there was no reason why any relief group could not send relief to Russia. That was the 8th of July. Then he went on to say that there was no reason why trade should not be carried on with Russia except in munitions, which are listed in here. Then we all felt very happy about it, but still skeptical. Miss Jane Addams, and a group of people in the State of Illinois, who have a relief committee for the Russian women and children, sent a check for relief to go to Russia. They applied to the State Department, and they could not get a permit to do relief work with Russia itself. Then it seemed that the Quakers here in Philadelphia through the British Quakers, who had been doing work in Russia for several months, sent the check of Miss Addams's committee through the British Quakers.

Now we know this: We heard the question asked this morning, "Do you believe in recognizing the soviet government if we have got to trade with them?" The question is that the relief is only going to help the poor little Russians a small bit. It is absolutely necessary to resume normal trade relations from every point of view as well as selfish trade reasons.

A recent report from Mr. Watts, who is now the representative of the American Friends' Service committee in Russia, brings out the terrible condition among the women and children there in Russia, the lack of milk, and he does not give any political reasons for it, but he does not put it all on the soviet government. After all a soviet is not a communist. It is communist and bolshevik according to who happen to be representatives in the soviet. Now Mr. Watts testified that the Quakers are able to begin to do relief work in Russia. I asked Mr. Thomas on Monday—he is secretary of the American Friends' Service Committee—about the conditions in Russia as they appear to the Friends and I read this long report of Mr. Watts on social and educational and general conditions. This report of the relief committee has just left the press a few days ago. Mr. Watts has the best information on the general situation in Russia as regards food conditions. It seems there is a blockade, and the general allied policy does not give, and has not for three years, that country a normal chance for development. He says there is more religious toleration there than before the revolution, and certainly the Russian people were not represented in the government of the czar any more than the Japanese are represented in the Japanese Government to-day, in the government of the Mikado.

Senator HITCHCOCK. Has not Russia always raised more than enough food to supply its people before the war?

MISS BRANHAM. That is true.

Senator HITCHCOCK. Why is it necessary to ship food into Russia now?

Miss BRANHAM. Because the railroads have broken down. You know that a country that has been blockaded for three years—take the South during the Civil War, even with its long seacoast and its railroads in the interior, they had a very tough time down there. Take Russia with 18 armies fighting on her front, literally, with counter revolutions of Denikin, Kolchak, and others, like a lot of race horses. I think it is for you men to solve this problem. If the soviet government is not a success it will go down of its own weight, and as far as their coming to this country to bring the soviet government here, we have sent agents to preach Christianity, not a democratic form of government, to all parts of the world.

Senator HITCHCOCK. You are here for the purpose of having the so-called blockade raised in order to get food into Russia?

Miss BRANHAM. In order that people can be clothed and fed.

Senator HITCHCOCK. Are they not raising as much food as they raised heretofore?

Miss BRANHAM. I do not know whether they are raising as much or not. I doubt very much, under the present condition of keeping up a constant warfare for three years, and the breakdown of the war. They had the same economic conditions to face because there was a breakdown coming when they got out of the war. The economic conditions are such that they need the same kind of reconstruction that they need in other parts of Europe—normal trade and medium of exchange.

Senator HITCHCOCK. Have you there information as to the need of food, what is needed, and where?

Miss BRANHAM. Yes. I have not with me the statistics which I saw in Mr. Watts's report, which the committee had, because I was there only a short time, but I will be glad to get those figures, which are astonishing, and I can give you a general idea.

Senator HITCHCOCK. We can see why they need it in Germany, because they raise at the best only 80 per cent of the food they require. But here is a country that has always had a surplus.

Miss BRANHAM. But you must remember that they are an agricultural country, and they need transportation facilities. It is blockaded.

Senator HITCHCOCK. Can you explain what the blockade is?

Miss BRANHAM. You heard that gentleman explain this morning that there could be no credit arrangement between the two countries by which the gold could be exchanged and by which we could arrange for exchanging Russian products, oil, all the vast things they have there.

Senator HITCHCOCK. Then, in the first place, they have no shipping and lack the instrumentalities of commerce.

Miss BRANHAM. Yes; they lack the instrumentalities of commerce, backed by the attitude of the American Government, which refuses to let us give Russia a fair chance with the other countries of Europe.

Senator HITCHCOCK. Do you understand that any individuals in Russia can import anything?

Miss BRANHAM. No; I understand very clearly that the Russian Government has given to the United States—they can buy through a

syndicate which represents the soviet government, according to Mr. Vanderlip.

Senator HITCHCOCK. What can the Russian Government pay with?

Miss BRANHAM. It can pay with some of the gold which it took over from the Imperial Government, but it has tremendous resources which can be used. After all, resources are the real things. Some become so involved with banking that they forget it is the raw material of the country that makes the wealth.

Senator HITCHCOCK. Do you think that the soviet government can buy on the credit of the products they raise in Russia?

Miss BRANHAM. Not necessarily, but with products, too, and when enough machinery goes into Russia, and new methods of farming are instituted, it will produce on a much larger scale.

Senator HITCHCOCK. I am asking you about this blockade. What is to prevent the soviet government now from buying from the rest of the world? There is no ship blockade, is there?

Miss BRANHAM. No; no actual ship blockade. There has been, in a way, but it is pretty much stopped now. I have heard of one or two vessels loaded with coal that were brought back to port, two or three months ago. That was an incident, of course; there is actually no ship blockade.

Senator HITCHCOCK. There is no physical blockade in existence now, is there?

Miss BRANHAM. No.

Senator HITCHCOCK. And if the soviet government had something to pay with, it could have trade now, could it not?

Miss BRANHAM. It certainly could, and it is beginning to trade with Sweden, Norway, and Denmark, and it has been making efforts with the business men here and with the State Department, and I think that is what Mr. Martens was over here for. I know that we do not trade individually or directly with Russian individual citizens.

Senator HITCHCOCK. What do you think the Government could do to promote trade between our individuals and the soviet government?

Miss BRANHAM. Do exactly what Great Britain has been doing, Lloyd-George and the British Government. Do exactly what Sweden has been doing. Lloyd-George has received Mr. Krassin. I do not know whether they will sign it or not but they have drawn up a trade agreement. We have taken no steps toward drawing up a trade agreement.

Senator HITCHCOCK. Do you believe that our Government should guarantee to Americans the payment for goods shipped to the soviet government?

Miss BRANHAM. I believe our Government should give the same guaranty to American business men in their transactions with Russians, a credit system, and so on, as they do to Germany, to England, and to other countries in Europe.

Senator HITCHCOCK. What are they?

The CHAIRMAN. There is nothing to other countries.

Senator HITCHCOCK. Can you state what those guaranties are?

Miss BRANHAM. I know the morale of the situation is such that when we trade with England, France, Belgium, and so on—

Senator HITCHCOCK. That is because they can get their pay.

MISS BRANHAM. They can get international bankers to handle the credits. We float bonded debts to Poland and others; we give certain moral support and certain credit which we do not give to Russia.

Senator HITCHCOCK. You do not believe that the American Government should guarantee the payment of goods that an American sells to the soviet government?

MISS BRANHAM. I do not know how far it would be necessary to go to arrange a trade agreement to do that, but I do believe that when gold comes here to be minted and when that gold is here, it should not be discredited at the mint.

Senator HITCHCOCK. You think we should take it even if stolen?

MISS BRANHAM. It was the czar's.

THE CHAIRMAN. It did not all belong to the czar.

MISS BRANHAM. You know that in the Revolution the land of 3,000 loyalists was confiscated, and there are portraits hanging in a certain house in Maryland that belonged to some of the old loyalists, and they were bought after the Revolution. We have got to face the actual historical facts in Russia, and not talk about what we think ought to happen. That is my feeling about it. Russia has had an economic revolution. Now that that government has been in power for three years, we have got to see that the men and women and children of Europe have a square deal. Let us recognize and trade with that government, and if it fails, we will not trade with her.

Senator HITCHCOCK. Our Government does not trade with anybody.

MISS BRANHAM. I am talking about the merchants.

Senator HITCHCOCK. The American people can trade with the soviet government if they want to now.

MISS BRANHAM. They are not encouraged to trade with the soviet government, and we can not take their gold money because the mints refuse it. You can get Rumanian and other kinds of gold, and that will be melted up, but not Russian. That is a serious problem.

Senator HITCHCOCK. Is that the only obstacle you see?

MISS BRANHAM. No; that is one of the main ones. Then we have no trade agreement simplifying credits as we have in the case of other countries, the sending of ambassadors and other things that go with trade relations.

Senator MOSES. That would be recognition of the soviet government.

MISS BRANHAM. If necessary, yes. I think it is more important that the human race be fed and also the point you had this morning that there are 3,000,000 men out of work. These men and their families face a bad winter, and if we could get the raw materials of Russia in trade we could put these men back to work, and it would be a tremendous gain for this country, too.

THE CHAIRMAN. I want to understand the scope of the work of your society. There is a famine in China of the most frightful proportions; 15,000,000 I have seen it, 15,000,000 to 40,000,000 people, simply frightful, falling, of course, chiefly on the young and the weak. Does your society do anything in China, or is it confined to Russia?

MISS BRANHAM. Our society is the American Women's Emergency Committee. We have been working constantly for a year and a half.

THE CHAIRMAN. I wanted to know if it was confined to Russia.

MISS BRANHAM. Yes, sir. The whole history is here, as well as our communications with the State Department.

THE CHAIRMAN. Is there anybody else to call?

SENATOR HITCHCOCK. Could not those be put into the record?

MISS BRANHAM. One thing more. Here is a statement from Helen Kellar which she sent to the American Friends Service Committee, and they asked me to tell you that they have no difficulty at present in having their supplies properly sent out in Russia under the soviet régime, but that they had no encouragement from the State Department. They are doing things, but they have not been given permission from this Government.

THE CHAIRMAN. Mr. Rubin, if you care to be heard now, we will hear you for a few moments.

STATEMENT OF MR. JACOB H. RUBIN.

MR. RUBIN. Now, Mr. Chairman and gentlemen of the committee, I have just returned from Russia after one year's visit under Denikin and soviet Russia. During my visit in Russia I have made a study of conditions prevailing in said government.

SENATOR POMERENE. Before you go to that, tell us a little more about who you are and what your business has been.

MR. RUBIN. I was connected with the Union Bank in Milwaukee, and manager of the Provident Loan Society, a philanthropic institution, for a period of 15 years.

I went to Russia as the representative of Wisconsin industries. I arrived in Odessa October 14, 1919. From there I went to Charkow and from Charkow to Moscow. In Moscow I met Lenin, Tchitcherin, and most of the leaders with the exception of Trotski. I was about ready to meet him when I was arrested.

SENATOR POMERENE. For what reason?

MR. RUBIN. For trying to see Trotski. I had to obtain a permit from the foreign department to see him, and I could not. I was bound to see him, and for that reason I was arrested.

In Moscow I also had the pleasure of meeting Mr. Vanderlip. I also met Mr. Watts, whom the previous speaker was talking about.

The first thing I want the people of the United States to understand is what the soviet government is:

To begin with, soviet Russia is an international body to carry out the Marxian philosophy; namely, a communistic state in the entire universe. According to an expression in a speech delivered by Lenin in the second congress, the Third International, he said that soviet Russia is only a fraction of that great unit of international communism, that the time is ripe for all countries in the near future to copy the example of Russia to establish a communistic state, and only when that is done will we have real communism where the workingmen of all countries will unite and establish such a system where the producer will get the full fruit of his labor.

That soviet Russia is just a nucleus for a great new order, or a new system that may replace the capitalistic system. So it is not confined only to Russia, but it is an international movement.

Russia at present has no free trade. Any individual that will enter into a contract to buy or sell is considered a criminal, punishable by imprisonment. Thousands of Russian citizens are now confined in prisons of soviet Russia because they were found guilty of trading. To negotiate with individuals in soviet Russia is a physical impossibility, for the individuality of Russians is absorbed in that great national body so-called soviet Russia. Any attempt on the part of any American business man to do business with the Russian people means to do business directly with the government. At the hearing before the Committee on Foreign Relations of the Senate, I have heard several speakers representing union labor urging the committee to indorse Senator France's resolution in reference to establishing trade with Russia, giving the reasons that by opening trade with Russia it would create an outlet for American products and thereby alleviate the unsettled labor conditions which are prevalent now in all parts of the United States.

One of the speakers referred to Vanderlip's contracts with soviet Russia for \$3,000,000,000 for various commodities manufactured in the United States in exchange for raw materials of Russia. In said contracts there is one item of 25,000,000 pairs of shoes. I would like to ask the speaker for an explanation as to whether leather is not one of the items included among the raw materials that Russia is ready to export. The reason that I mention leather is because of all the reports that I have read in reference to Russian export, Russian hides was one among the most prominent commodities that Russia had to offer. If that is true, and no one will deny this who understands the conditions of Russia, why then does Russia contract for 25,000,000 pairs of shoes from America when she has the raw material in her own country? Is it because Russia has not the proper facilities to manufacture? I have been in Russia and have visited many shoe factories and found that the only reason Russia is in need of shoes is because the Russians are not working in the shoe factories for the same reason that they are not working in any other factories, not because Russia lacks the natural resources. Russia is the richest country on the face of the earth as far as natural resources are concerned, the only reason that she can not produce is because the Russian people have lost the incentive to work under the present form of government.

I have been to one of the shoe factories where they used to produce 250 pairs of shoes prior to the war. They had 30 men working. I was there about four months ago, and with the same number of men working they were producing 200 pairs a month.

Senator HITCHCOCK. As against what?

Mr. RUBIN. Two hundred and fifty pairs a day; now 200 pairs a month. Why? Because the people are not working, the energy is destroyed. The system has taken away the incentive. There is not a shop, factory, or store in any part of Russia, there is not a building that is not in need of repair.

As long as the present form of government will exist in Russia the people will be in need of all necessities of life, notwithstanding the

fact whether America or other European countries will assist soviet Russia and favor trade relations with said government.

Soviet Russia in order to carry out her communistic principles can not and will not establish trade relations with America or any other country. Her main purpose in establishing commercial bureaus in America and European countries is to carry out her international propaganda to sovietize the whole world; and the only way that she can carry out her propaganda is under the subterfuge of commercialism.

The policy of communism is to create a new order of society and before creating that new order of society so-called "international communism" it is of the greatest importance first to destroy the old system, the so-called form of capitalistic government and in order to destroy the capitalistic form of government it is necessary to do a great deal of propaganda in various manners, to create dissension between capital and labor, to create dissension between creed and religion, between race and color, in other words, to divide the world into small factions following the motto of the great Bismarck, "divide and conquer." This is the real object for soviet Russia in order to carry out their program, namely working men of all countries "unite; you have nothing to lose but your change."

If soviet Russia is sincere and is establishing commercial bureaus for no other reason but trade, why doesn't she purchase the necessary commodities which her people are so greatly in need of from her neighboring countries who are anxious to sell their products and they are not questioning the matter of who is the rightful owner of the gold that is offered by soviet Russia.

Senator HITCHCOCK. Will you describe what you saw in that shoe factory?

Mr. RUBIN. There were 30 men that gathered about 11 a. m., and the first thing they did they drank tea. It is a great habit of the Russian people to drink tea and talk. They can get along without food to a certain extent, but they have got to have some philosophic argument. I did not see much work. They probably worked about half an hour that day. The soviet government provides work for everyone, whether he is working or not, and for that reason in order to get a card from the government for product it is necessary to be registered under some class of craft. As for illustration: The artists' union in Moscow has 20,000 members, not because every member in said organization is an artist, but in order to be registered under a certain class whether one is an artist or not he registers as such. If there would be a shoe factory in Moscow that would produce a considerable amount of shoes each day, there would be less artists and more shoemakers. But since there are not productive shops and factories, jobs are created by soviet government to do most anything so long as that gives employment to the comrades. I have visited the central bristol warehouse in Moscow where there were 32 men and women employed doing clerical work. I was wondering why there are so many employees. Since nothing is bought or sold, I asked the manager of the warehouse, whom I have known very well, and he told me as a matter of fact there is no work, because all the bristol in Moscow at present is 200 pud, meaning 40 pounds. But we have started to issue monthly statements

which are forwarded to our representatives in Europe and in America and we have to keep up such statements for the purpose of showing to the world that we are alive. But as a matter of fact the amounts of bristol is less to-day than it was a year ago. Not only bristol, but all other commodities like hides, horses' hair, hemp, flax, and linseed oil, because the people are not working. All the work they do is fight, and the red army are working in institutions to provide for the red army as well as working in the various departments of soviet government which is not productive work.

Every one in soviet Russia is working for the government and is entitled to a trading card for products. The cards are classified A, B, C, and D. Class A is issued to the red army, or any one working in institutions providing for red army. Class B for the children. Classes C and D are divided between the workers. Class 5 as to the importance of their work. Class C is entitled to a pound and a half of bread each day, 12 pounds of herring, 6 pounds of millet, half a pound of tea, 1 pound of sugar, 10 pounds of flour, and 4,000 rubles per month.

Senator HITCHCOCK. How much a day do these men in the shoe factory get now?

Mr. RUBIN. Four thousand rubles per month, and then they also get card C.

Senator POMERENE. How much is a ruble now?

Mr. RUBIN. A box of matches costs 250 rubles. White bread is 2,000 rubles a pound. The soviet bread, a mixture of something besides flour, costs 550 rubles per pound.

Senator BRANDEGEE. How much land was allocated per capita to the peasants after the revolution?

Mr. RUBIN. The peasants before the war were divided into three classes—A, B, and C. A has more land than he could work himself, and he employed class B to work his land, giving him 50 per cent of the result of the production. Class C did not have any land at all, and he was employed as daily laborer by class B to work the land for class A. When the soviet government came into power in Russia they gave each peasant approximately a hundred acres of land. That was in the beginning of 1918. The peasant was benefited to a great extent, and has applied his energy with great results, which showed in 1918 the best crop since the beginning of the war. But in the year 1919 the proletariat in the big cities objected that the peasant should be the only one independent, while the workers are dependent upon the government. And it was not according to the principles of Carl Marx. Therefore the soviet government requisitioned the land from the peasants; in other words, nationalized it, and allowed the peasant to work the land for the government, and in return each member was allowed 40 puds of grain and 40 puds of potatoes, one cow, and one horse. The rest was requisitioned by the extraordinary commission. Therefore in 1920 it shows a shortage in the crop, because the peasant, realizing that he is not working for himself, did not apply his energy, and lost all interest in showing a great production, because as far as he was concerned that was immaterial how much he raised, as he only was permitted to have so much, and no more. The extraordinary commission tried to enforce production, which resulted in an uprising among the peasants July, 1920, when 673 of the soviet soldiers were killed and wounded.

Senator POMERENE. At what point?

Mr. RUBIN. In the territory of Nicolaiev.

Senator BRANDEGEE. You were born in Russia?

Mr. RUBIN. I was 10 years old when I emigrated with my parents to America. When I came to Russia during the Denikin régime, I was looked upon as a bolshevist. Because when the American admiral arrived in Odessa sailing under a white flag on February 8, 1920, offering me an opportunity to leave Russia, I refused to go, and told him that I am not afraid to remain in soviet Russia. In Odessa, eight of the leaders of the soviet government were my intimate friends with whom I had been confined in Odessa prison for a period of six weeks under the Denikin régime. I have rendered my services to the Odessa administration during my visit there.

Senator MOSES. When did you return to this country?

Mr. RUBIN. About a month ago.

Senator MOSES. Are you the person of whom the newspapers published the story of the interview with Emma Goldman?

Mr. RUBIN. I spoke to her.

Senator MOSES. Did she tell you that she would rather be in jail in the United States than to be in Russia?

Mr. RUBIN. She did not state that. I asked her, "How about free speech here?" She said, "Forget it." Then I asked her, "How do you like Russia?" And she told me to influence her friends to get her back to the States, and she would be a good little girl. That is what she told me.

Senator BRANDEGEE. Did you have any talk with Lenin when you saw him about the soviet government?

Mr. RUBIN. For 12 minutes. He was not very communicative.

Senator BRANDEGEE. In your opinion, does the soviet government, the present government, rest upon the wishes of the Russian people?

Mr. RUBIN. Oh, no; there are only 675,000 communists according to their own report, their records.

Senator KNOX. What is their nationality, principally Russian?

Mr. RUBIN. Mostly Russian there. Of course you mean the leaders of the soviet government?

Senator KNOX. I mean the 600,000.

Mr. RUBIN. I do not know who they are. I take it for granted that they are Russians.

Senator POMERENE. Were those with whom you came in contact Russians?

Mr. RUBIN. The majority like Lenin and Krassin are Russians. Trotski is a Jew. But the great majority are Russians, what they call the Russian intelligencia.

Senator BRANDEGEE. This government is not an elected government in any way. It was a military coup d'état.

Mr. RUBIN. They do not say it is a democratic form of government. It is the dictatorship of the proletariat. But among the delegates of the second congress of the Third International, there was a scarcity of the proletariat. As a matter of fact, outside of Kalanine, who was a workingman before the revolution, all the others are of the intelligencia.

Senator HITCHCOCK. Are they not having elections quite frequently in different parts of Russia by which the local soviets are elected,

and from there those local soviets send delegates to the larger soviet, and they elect finally a soviet that meets in the capital?

Mr. RUBIN. Yes; that is the soviet idea.

Senator HITCHCOCK. Are they not having repeated elections so that these men in control of the government continue in by the constant repetition of those elections?

Mr. RUBIN. No; they are having a dictatorship that comes from Moscow.

Senator FRANCE. Do you mean to say that elections are not held in Russia periodically?

Mr. RUBIN. No; what I mean is to say that they do not have a secret ballot.

Senator HITCHCOCK. How frequently are the local soviets chosen?

Mr. RUBIN. Every six months.

Senator HITCHCOCK. They elect their delegates to some soviet, do they not?

Mr. RUBIN. Yes.

Senator HITCHCOCK. What is that called?

Mr. RUBIN. That is the state soviet. Then, from the state to the central.

Senator HITCHCOCK. To the central?

Mr. RUBIN. Yes.

Senator HITCHCOCK. So that that central soviet, I suppose, by reason of the frequent elections that extend out all over Russia——

Mr. RUBIN. That is what it is.

Senator HITCHCOCK. So that by frequent elections they keep the government in power?

Mr. RUBIN. If that is an election.

Senator HITCHCOCK. I am not now discussing the question whether they are representative. They go through the form of having these frequent elections?

Mr. RUBIN. Yes.

Senator BRANDEGEE. Do you mean that it is all controlled from Moscow?

Mr. RUBIN. Now, for instance, I was in Odessa, and they abolished capital punishment for a period of six weeks. Then there was sent out an order that if capital punishment is not resumed Mr. Keen, who had charge of Odessa, would be removed. So while they have elected their own officers to rule Odessa, still they are under the supervision of Moscow.

Senator MOSES. May all of those people of the local soviet be removed by the central soviet?

Mr. RUBIN. Yes.

Senator MOSES. At any time?

Mr. RUBIN. At any time. And they are, too.

Senator MOSES. For any reason?

Mr. RUBIN. The extraordinary commission gives no reasons. A new body was created last May, so called the commission of workingman's and peasants' control, who are supposed to have a greater jurisdiction than the extraordinary commission. They are empowered to remove anyone from office.

Senator HITCHCOCK. Are all the railroads going to destruction?

Mr. RUBIN. So far as the railroad from Moscow to Petrograd is concerned, there is a train every day. From Charkow down to Odessa it runs about once a week.

Senator HITCHCOCK. Why is there a shortage of food in Russia when she formerly raised a surplus?

Mr. RUBIN. It is due to the lack of transportation and through speculation on food products by the very members of the extraordinary commission.

Senator MOSES. I thought speculation was removed by the constitution?

Mr. RUBIN. It is. At the same time they are speculating. You take in Moscow, for instance, there is a great market place, where you can buy everything sometimes. Of course raids and arrests are taking place very frequently. The things that are brought on the market for sale are brought out from concealments by the bourgeois class who have concealed many things from the extraordinary commission from confiscation.

Senator HITCHCOCK. Do you agree with the statements that have been made that the so-called blockade of Russia has acted to perpetuate the soviet government in power?

Mr. RUBIN. That that blockade has acted to perpetuate the soviet government?

Senator HITCHCOCK. Yes—that is, that the soviet government would have fallen if it had not been for the blockade?

Mr. RUBIN. Outside interference does not make the impression on Russia. The Russian problem must be solved by the Russians themselves.

Senator BRANDEGEE. What are the physical conditions of the railroads, the tracks, the cars, and the rolling stock?

Mr. RUBIN. They are in great need of repair.

Senator BRANDEGEE. Is that rule or law still in existence that the government confiscates all above a certain amount that the peasant raises on his land?

Mr. RUBIN. Yes.

Senator BRANDEGEE. Is it still in existence?

Mr. RUBIN. Yes.

Senator POMERENE. I want to ask a question.

If our benevolent citizens here were to send foodstuffs over to the soviet government, or into Russia for the relief of the women and children, who are in need, in your judgment, would it reach those women and children or not?

Mr. RUBIN. Well, I would not trust anything to the soviet régime.

Senator POMERENE. Have you made any observation along that line of any relief work that was attempted either by our benevolent citizens or by the citizens of other States?

Mr. RUBIN. I have.

Senator POMERENE. Do you know whether or not it reached the objects of the charity or not?

Mr. RUBIN. To my knowledge I don't know of any one of the Americans in Moscow that has received any aid from any charitable institution from America or from any other country, only a few things were brought over from Revel through a courier that had nothing to do with the soviet government. I know that the Jews'

Joint Distribution Committee headed by Judge Fisher, of Chicago, who was in Moscow last June, have tried to organize a distributing center for the purpose of helping and aiding the poor Jews in soviet Russia. Up to the time of my departure October 19 or 20 nothing was accomplished.

Senator HITCHCOCK. How long do you think the soviet government will last in Russia?

Mr. RUBIN. It depends entirely on the demobilization of the red army. Just as soon as the red army will be demobilized I am looking for a general revolution of all forces against the bolshevik government.

Senator HITCHCOCK. Are they keeping the army organized for the perpetuation of the government?

Mr. RUBIN. Absolutely.

Senator HITCHCOCK. That makes a scarcity of food.

Mr. RUBIN. To a certain extent it does, but the main factor that causes shortage of food and the shortage of clothes and everything is because the people in Russia are not producing. They are in state of mind that it is immaterial to them what will happen in the future. They are underfed, underclothed, held by a strong discipline of despotism, ruled with an iron hand. The extraordinary commission is the dread of every person in Russia. Each one is living under a strain of fear, of uncertainty, of something dreadful that is to come. This is the greatest reason why Russia is suffering from lack of commodities which are essential to life and happiness. As long as the soviet government exists, the Russian people are slaves to a system which holds its people in submission, destroying the energy and incentive, destroying the very hope that is in the heart of every human being which makes life worth living. Communism instead of making a progress, instead of being the solution of the economic and political ailments of society, is a step backward, bringing us back to chattel slavery.

Whereupon, at 5.15 o'clock p. m., the committee adjourned.)

